MIDDLE EAST

C.O.

No 61

(CONFIDENTIAL)

935

PALESTINE AND TRANS-JORDAN

ESTIMATES AND FINANCES 1937-38

CORRESPONDENCE

CLOSED UNTIL 1969

(IN CONTINUATION OF MIDDLE EAST NO. 60.)

18

Printed for the use of the Colonial Office

MIDDLE EAST

NO. 61.

L.O. 935/18

Confidential

PALESTINE AND TRANS-JORDAN

ESTIMATES AND FINANCES, 1937 - 1938

(including one item for Palestine Estimates 1938-1939)

Correspondence

(In continuation of Middle East No. 60.)

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PALESTINE

Working Copy

75005/37 [No. 1]. No.] PROOF.

PALESTINE.

THE OFFICER ADMINISTERING THE GOVERNMENT

to

THE SECRETARY OF STATE.

(Received 23rd March, 1937.)

[*Answered by No.* ~~75005/37 [No. 7]~~ 2

(Secret.)

Jerusalem, 17th March, 1937.

SIR,

I have the honour to transmit to you herewith 12 copies of the printed draft Estimates of Revenue and Expenditure of the Palestine Government for the financial year 1937–38*, together with 12 copies of the Acting Treasurer's memorandum on the Revenue Estimates*.

The memorandum on Expenditure is in the Press and will be forwarded to you as soon as possible.

2. The estimated financial position as at the 31st March, 1937, may be summarized as follows:—

	£P.	£P.
Surplus Balance at 1st April, 1936		6,267,810
Revised Estimates of Revenue, 1936–37 ...	4,555,336	
Revised Estimates of Expenditure, 1936–37 ...	6,003,232	
Estimated deficit, 1936–37		1,447,896
Estimated Surplus Balance at 31st March, 1937		£P.4,819,914

3. The estimated Surplus Balance as at the 31st March, 1938, is shown in the printed draft Estimates as £P.4,605,896, comprised as under:—

	£P.	£P.
Revised Estimated Surplus Balance as at 1st April, 1937		4,819,914
Estimated Revenue, 1937–38	5,018,496	
Estimated Expenditure 1937–38	5,232,514	
Estimated Deficit 1937–38		214,018
Estimated Surplus Balance as at 31st March, 1938		£P.4,605,896

In paragraph 43 of the Acting Treasurer's memorandum the deficit is shown as £P.364,018 as he has added to the deficit of £P.214,018 shown above a sum of £P.150,000 in respect of the Northern Frontier and Railway Auxiliary Police Forces, including the proposed frontier road for which provision will be required in 1937–38, and which have since received your approval in your Secret telegram No. 152 dated the 15th March, 1937†. It should be explained that the figure of £P.150,000 shown in the Revenue memorandum was so included because precise details were not available when that Memorandum was prepared. The true estimated deficit is therefore £P.371,235.

4. As will be seen from paragraph 6 of the Acting Treasurer's memorandum, the revised estimate of Revenue for the financial year 1936–37 falls short of the original estimates by £P.990,601 (i.e. £P.4,555,336 as compared with the original estimates of £P.5,545,937).

The details of this decrease are explained under the relevant Heads in paragraphs 8 to 25 of the memorandum.

5. The expenditure situation during the year 1936–37 is explained in detail in paragraph 27 of the Acting Treasurer's memorandum. Owing to the outbreak of the disturbances in April, 1936, with their consequential effect on the revenue and the expenditure of Palestine, you found it necessary to withhold approval of the draft estimates of expenditure until December, 1936. A provisional warrant was issued by the High Commissioner on the 1st April, 1936, which limited departmental expenditure

* Not reprinted.

† No. 75015/15/37 [No. 11] Not printed

to the expenditure approved during the preceding financial year, with the addition of any expenditure of a recurrent nature provided by supplementary appropriation during the course of that year and the continuance of capital works in progress. At the beginning of March of this year I issued a general warrant in the amount of £P.5,902,588 to cover such expenditure as had been approved by you or covered by special warrants within the limits of the authority delegated to the High Commissioner. The General Warrant does not, however, cover the total estimated expenditure for the year and the latest figures available indicate that an amount of £P.6,003,232 will probably be required.

6. It is not possible to assess with exactitude the full effects on the financial position of the disturbances of 1936, but it will be seen from paragraph 30 of the Acting Treasurer's memorandum, that identifiable expenditure directly attributable to the disturbances amounts to approximately £P.1,500,000. It should, however, be explained that this assessment of the additional cost is based on the amounts provided by Special Warrants; it does not necessarily mean that the full amount authorized was expended but the amounts so provided afford a reliable indication of the expenditure involved. The effect on revenue is also difficult to assess but as will be seen from paragraph 4 above the heavy short-fall of estimated revenue for 1936–37, namely £P.990,601 must be attributed very largely either directly or indirectly to the disorders. While it cannot of course be asserted that the whole of this short-fall is due to the disturbances, it is nevertheless certain that a decrease of such magnitude would not have occurred had the state of the country remained normal.

7. The estimated revenue for the financial year 1937–38 as shown in the printed draft estimates amounts to £P.5,018,496 and the estimated expenditure to £P.5,232,514 with a consequential deficit of £P.214,018.

To the expenditure figure must be added a sum of £P.157,217 for the Northern Frontier and Railway Auxiliary Police Forces, mention of which is made in paragraph 3 hereof. Thus the true estimated deficit for 1937–38 is £P.371,235.

The estimated revenue has been based on the assumption that during the coming year the country will be free from any prolonged or general strike, such as occurred during 1936. The estimates of expenditure have also been framed on the assumption that it will not be necessary to increase the military garrison to the extent found necessary during the past year.

The details of the revenue estimates are tabulated in paragraph 35 of the Acting Treasurer's memorandum. The estimated revenue is £P.527,441 below the original estimate for 1936–37 and £P.463,160 in excess of the revised estimate for 1936–37.

I have carefully considered the estimates of revenue submitted by the Acting Treasurer, which indeed were drawn up in close consultation with me, and I am satisfied that they are framed on a conservative basis.

The Heads of revenue in respect of which increases and decreases are anticipated are summarized in paragraph 36 of the memorandum.

8. The estimated deficit of £P.125,110 on the year's working of the Railways is explained in paragraph 48 of the Acting Treasurer's memorandum and in the tabular summary on page XXI thereof.

9. The estimated surplus balances as at the 31st March, 1938 as shown in the printed draft Estimates is £P.4,605,896. Of this surplus an amount of £P.1,898,000 is already earmarked for the following purposes:—

	£P.
Treasury Working Balance	500,000
Completion of Works provided for in the draft Estimates, 1937–38	317,000
Ottoman Regie de Tabacs and Ottoman Public Debt ...	150,000
Arrears of Railway Renewals	516,000
Contribution to the cost of the Huleh Concession	235,000
Compensation for Loss of Life and Injury during the Disturbances	30,000
Northern Frontier Police and Railway Auxiliary Forces ...	150,000
	£P.1,898,000

10. If the £P.2,000,000 loan is not raised the expenditure on the projects included in the loan schedule will have to be met from surplus balances. The total sum estimated on this account amounts to £P.1,942,000, and is comprised as follows:—

	£P.
Re-settlement of Displaced Arabs	250,000
Water Supply and Drainage Schemes for Jerusalem and Haifa; Water Supply for Hebron and various villages; and Survey of Water Resources	933,000
Agricultural Credits	200,000
Construction of Oil Berth and Reclamation Scheme at Haifa	210,000
Public Buildings—	
Government Arab College	27,000
Government Schools in Towns	106,000
Government Technical and Trade School	40,000
Capital Grants to Jewish Institutions	20,000
Jerusalem Post Office	156,000
	£P.1,942,000

11. In addition to the commitments indicated above there are a number of other important projects which have inevitably been postponed for lack of funds. A list of these projects is given in paragraph 52 of the Acting Treasurer's memorandum. The present estimate of future commitments in this regard amounts to £P.3,965,000.

12. It follows therefore that the surplus balance of the Palestine Government as at the 31st March, 1938, will be insufficient by a sum of £P.3,200,000 both to cover unavoidable commitments and to provide a surplus for other desirable works. To that extent, therefore, these works must be postponed until the excess of revenue over expenditure provides the funds which will enable them to be undertaken. These calculations do not moreover take into account the proposed reserve fund of £P.3,000,000. In the light of this situation it is unnecessary for me to emphasize how imperative it is that the projected £P.2,000,000 loan should be raised.

13. It will be seen that the estimated expenditure for 1937–38 amounts to £P.5,232,514 or an excess of £P.996,312 over the actual expenditure for the financial year 1935–36.

14. Your instruction that the Estimates for 1937–38 should be based so far as possible on the approved Estimates for 1935–36 has been duly borne in mind and the present estimates have been framed with a view to avoiding any increase whether under recurrent, extraordinary or special expenditure which cannot fairly be regarded as inevitable. The estimates of each Department have been most carefully scrutinized in Estimates Committee and drastic reductions have been made in the estimates as originally submitted by Heads of Departments.

15. The general principle which has been adopted is to make such provision only as will maintain existing services at a reasonable level of efficiency (permitting expansion in those cases alone where non-expansion would have entailed some definite retrogression) and to make provision for such essential new services only as, notwithstanding the financial situation, can no longer justifiably be delayed.

16. It will however be appreciated that there are certain heads of expenditure which are not only impossible of curtailment but must inevitably be increased, namely those relating to Public Security. The estimated expenditure on defence during 1937–38 shows an increase of £P.205,961 over the actual expenditure in 1935–36 while that on the Police and the Trans-Jordan Frontier Force (after deduction of the grant-in-aid) shows an increase of £P.363,446 and £P.6,804 respectively over the actual expenditure in 1935–36, i.e. a total increase in respect of Public Security of £P.576,211. The total net expenditure on Public Security during 1937–38 including the estimated cost (£P.157,217) of the proposed Northern Frontier and Railway Auxiliary Police Forces is estimated at £P.1,298,276 which is over 26·5 per cent of the total estimated revenue.

In 1936–37 the cost of Public Security amounted to £P.2,421,500 or 55 per cent of the revenue.

17. In consequence of this first and inevitable charge on the resources of the country it has been necessary ruthlessly to curtail expenditure on essential social services such as Health, Education and Agriculture. Even in respect of those Heads which show an increase over the approved Estimates for 1935–36 the provision recommended by the Estimates Committee is in fact far less than the High Commissioner would have submitted for your consideration had the financial situation been normal.

18. I may cite as examples the following cuts made by the Estimates Committee in respect of certain Departments:—

	Head.	*Estimates Proposed.*	*Estimates as approved by Estimates Committee.*	*Decrease.*
		£P.	£P.	£P.
X.	Customs, Excise and Trade	285,334	262,978	22,366
XI.	Health	287,318	241,264	46,054
XII.	Education	325,494	311,106	14,388
XIII.	Agriculture and Fisheries	218,442	211,080	7,362
XXIII.	Posts and Telegraphs	429,471	415,648	13,823
XXIV.	Public Works	144,856	139,865	4,991
XXV.	Public Works Recurrent	363,802	318,700	45,102
XXVI.	Miscellaneous	302,241	191,041	111,200
XXVII.	Posts and Telegraphs Extraordinary ..	254,422	104,502	149,920
XXIX.	Public Works Extraordinary	965,000	674,434	290,466
XXX.	Railways (deficit)	388,344	125,110	263,234

The total sum excised from Departmental Estimates is £P.1,043,151.

19. The following analysis affords a comparison between the estimated expenditure for 1937/38 and (*a*) the actual expenditure for 1935/36; (*b*) the revised estimates for 1936/37:—

	(a) Actuals. 1935–1936.	*(b) Revised Estimates* 1936–1937.	*Estimates* 1937–1938.	*Increase (+) or Decrease (—) as compared with (a).*	*Increase (+) or Decrease (—) as compared with (b).*
	£P.	£P.	£P.	£P.	£P.
Recurrent (excluding Railways)	3,154,821	3,723,933	4,142,877	+988,056	+ 418,944
Special (excluding Railways) ..	161,400	1,343,299*	169,867	+ 8,467	—1,173,432
Extraordinary (excluding Railways).	795,822	908,000	794,660	— 1,162	— 113,340
Railway Deficit	124,159	28,000	125,110	+ 951	+ 97,110
Total .. .. £P.	4,236,202	6,003,232	5,232,514	+996,312	— 770,718

20. It should be noted that the total estimated expenditure for 1937/38 shown above does not include the amount of approximately £P.157,217 which is the estimated cost of the proposed Northern Frontier and Railway Auxiliary Police Forces and Frontier Road, approved by your Secret telegram No. 152 of the 15th March, 1937†.

21. The following is a summary of the principal increases proposed in 1937/38 as compared with the actual expenditure during 1935/36 and the revised expenditure for 1936/37:—

	Estimates 1937–1938.	*(a) Actuals* 1935–1936.	*(b) Revised Estimates* 1936–1937.	*Increase (+) or Decrease (—) as compared with (a).*	*Increase (+) or Decrease (—) as compared with (b).*
	£P.	£P.	£P.	£P.	£P.
Public Debt and Loan Charges ..	189,203	126,449	126,500	+ 62,754	+ 62,703
Secretariat	80,485	39,487	69,000	+ 40,998	+ 11,485
District Administration	176,246	154,840	164,000	+ 21,406	+ 12,246
Legal	19,520	11,000	14,000	+ 8,520	+ 5,520
Judicial	123,510	94,151	102,000	+ 29,359	+ 21,510
Customs, Excise and Trade ..	262,978	243,449	292,000	+ 19,529	— 29,022
Health	241,264	194,632	205,000	+ 46,632	+ 36,264
Education	311,106	221,087	246,000	+ 90,019	+ 65,106
Agriculture and Fisheries ..	211,080	181,003	183,000	+ 30,077	+ 28,080
Forests	29,987	Included in Agriculture.	23,000	+ 29,987	+ 6,987
Lands and Surveys	137,473	115,823	123,000	+ 21,650	+ 14,473
Posts and Telegraphs	415,648	310,778	366,500	+104,870	+ 49,148
Public Works Department ..	139,865	58,694	76,000	+ 81,171	+ 63,865
Public Works Recurrent	318,700	288,086	323,000	+ 30,614	— 4,300
Total .. .. £P.	2,657,065	2,039,479	2,313,000	+617,586	+344,065

* Includes £P.1,145,500 for Defence.

† No. 5015/15/37 [No. 11] not [illegible]

This summary does not include the increases in expenditure in respect of the Trans-Jordan Frontier Force, Police and Prisons, or Defence.

Public Debt and Loan Charges:

The increase is due to the provision for interest and management charges on the projected £P.2 million loan for six months (£P.30,303) and the transfer from Railways of the Sinking Fund charges in accordance with the recommendation of the Price Waterhouse Report (£P.32,448).

Secretariat:

The increase is mainly due to provision for the Civil Aviation services (£P.18,820) and for the Printing and Stationery services (£P.31,048) for a full year.

District Administration:

The increase is mainly due to the introduction of the Rural Property Tax and the necessary organization for collection of the Tax, and also to the increase in the British staff of the District Administration. Cost of living allowances, which in 1935/36 were charged to Head XXVI, Miscellaneous, are now charged to this Head and account for £P.5,911 of the increase.

Legal:

Most of the increase is due to the inclusion in the Estimates under this Head of the Estimates in respect of the Office of the Town Planning Adviser (£P.4,505) and to an increase of the staff of the Official Receiver (£P.1,829).

Judicial:

The provision under this Head has been increased to strengthen the staff of District and Land Courts, and to permit of the introduction of the new system of accounting which is envisaged in paragraph 117 of the printed memorandum on the draft Estimates for the financial year 1935/36.

Customs, Excise and Trade:

The increase is entirely due to the increased provision for Customs drawbacks (£P.28,000) and to the inclusion of Cost of Living, Housing and Passage Allowances (totalling £P.9,572) which were included in 1935/36 under Head Miscellaneous. It will be observed that, apart from these items, there is an appreciable decrease in respect of the cost of services performed by the Department.

Health Department:

Owing to the financial stringency it has been found necessary again to defer the execution of the schemes tabulated on pages 36 and 37 of the Expenditure Memorandum for 1936/37 in respect both of new services and of expansion of existing services with the exception of the following:—

New Haifa Hospital	(£P.4,736)
Village Medical and Ophthalmic services ...	(£P.2,060)
Infant Welfare	(£P.3,306)

Provision has however been included for the initiation of the Tuberculosis Scheme presented to you in the High Commissioner's despatch of the 24th of April, 1936*. The provision made for this service in the draft Estimates totals £P.6,988, as explained in the 1936/37 Memorandum, excluding an amount of £P.12,000 included under Head XXVIII, Public Works Extraordinary.

Provision of £P.4,113 has been provided for the maintenance of the Bnei Brak Hospital, as approved in your telegram No. 685 dated the 28th November, 1936†.

Provision has also been made for Cost of Living Allowances, Housing Allowances and Passages, which in 1935/36 were included under Head XXVI Miscellaneous and which total £P.9,685 in 1937/38.

Education:

The main increase (£P.28,359) under this Head is in respect of the grants to the Vaad Leumi which, including the grant for Capital Expenditure, has been calculated at £P.64,359 as compared with the grant of £P.36,000 in 1935/36 and the approved grant of £P.48,618 in 1936/37. As compared with the approved expenditure for 1935/36, the amount of £P.16,000 represents Cost of Living Allowance included in the former year under Head Miscellaneous.

* No. 75247/36 [No. 1].

† No. 31 in Miscellaneous No. 463. 75634/36 [No. 4] not printed

The cuts which the Estimates Committee have found it necessary to make in the Estimates of the Education Department as originally presented by the Director have inevitably postponed, for one year, the normal development of urban and rural education, under the scheme approved in 1933; but in fact the effects of this set back entail consequences more far-reaching than a bare postponement of expansion for a period of twelve months; and I am shortly submitting to you, in a separate despatch, the representations which have been made by the Director of Education in this regard.

Agriculture and Fisheries:

The increase as compared with 1935/36 is mainly covered by the items for the Citrus Advertisement Fund (£P.19,000), Fruit Inspection Service (£P.4,000) which are self balancing services and allowances formerly shown under Head Miscellaneous (£P.5,000). Such increases as have been made under this Head are confined to provision necessary to prevent an actual retrogression in existing services.

Forests:

The Forestry service was first introduced as a separate department in the draft Estimates for 1936/37. Forest services were considerably restricted by the conditions prevailing in 1936.

Department of Lands and Surveys:

As compared with 1935/36 Estimates, approximately £P.8,000 of the increase is on account of Cost of Living Allowances, while £P.2,000 is on account of Passage and Housing Allowances which were formerly included under Head XXVI Miscellaneous. The balance is due to the introduction of two additional Land Settlement Parties. Conditions in 1936/37 retarded land settlement and survey activities.

Posts and Telegraphs:

The increase under Posts and Telegraphs provides for additional staff and services to cope with the increased activities of the Department and, with the exception of the specific increases of staff and resultant other charges which will be explained in the Expenditure Memorandum, makes provision for a full year for the staff which has already been approved by you.

Other unavoidable increases as compared with 1935/36 are as follows:—

	£P.
Renewals Fund	16,050
Broadcasting Services	9,510
Maintenance Stores	5,200

In the case of Broadcasting Services the expenditure was in respect of part of the year only.

Public Works Department:

The increase is due to the introduction of the nucleus staff under the Harris proposals which is envisaged in the High Commissioner's despatch confidential "B" of the 20th November, 1936*. In making this provision I have not overlooked the terms of your Confidential despatch of the 28th December, 1936†, in which you intimated that as at present advised you found yourself unable to agree to the measures of reorganization proposed therein but I am advised that in order effectively and economically to carry out the programme of works proposed during the year 1937/38 it is essential that some measure of reorganization should be introduced forthwith. A separate despatch will be addressed to you in this regard. It will be explained in this despatch how much of the programme envisaged under Public Works Extraordinary during 1937/38 will be carried out by the Department of Public Works and how much by other Departments (e.g. Haifa Harbour Development Department and Jaffa Port Improvements) and by private architects as compared with 1935/36.

Jerusalem Water Supply:

Provision is now made for the operation of the Section of the Jerusalem Water Supply from Ras el Ain to the Municipal Reservoir at Romema in Jerusalem (£P.36,895).

You will observe that a *contra* entry of £P.52,000 is made under Head IV Item 46 of the Revenue Estimates.

Public Works Recurrent:

£P.17,000 of this increase occurs under Item 12, Maintenance of Roads and Bridges, and further slight increases have proved necessary under Item 4, Maintenance of

* No. 75296/36 [No. 26] not printed

† No. 75296/36 [No. 28] not printed

Buildings, Item 9, Rent of Offices and Quarters and Item 10, Maintenance of Plant and Machinery, in addition to the increases approved by your telegram No. 124 dated the 4th March, 1937*.

Public Works Extraordinary:

The Estimates for 1937/38 contemplate a much restricted programme of works, costing about £P.674,000, of which some £P.340,000 approximately is represented by revotes of unexpended provision from the 1936/37 Estimates, while an amount of £P.8,000 will be recoverable from private bodies by way of contribution towards the construction of roads.

22. In conclusion, I take this opportunity to express my appreciation of the valuable assistance which has been rendered to Government in the preparation of these Estimates by the Acting Treasurer, who, since the indisposition of the Treasurer, has assisted in discharging the heavy responsibilities associated with their preparation in addition to the duties of his acting appointment.

The Acting Treasurer is also responsible for the clear and comprehensive Memorandum on Revenue which accompanies this despatch.

I should also like to mention the valuable services rendered in connexion with the preparation of the draft Estimates and Memorandum by Mr. D. C. Thompson, Assistant Secretary, Mr. V. Levi, Assistant Treasurer and Mr. Z. Lipkin, Clerk Grade M in the Treasury.

I have, &c.,

J. HATHORN HALL,

Officer Administering the Government.

* No. 75405/1/25/36 [No. 8] not printed

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75005/37 [No. 7]. No. 7 PROOF.

PALESTINE.

THE SECRETARY OF STATE

to

THE HIGH COMMISSIONER.

[*Answered by ~~No. 75005/37~~ [Nos. 3 and 4].*]

(Secret.)

SIR, Downing Street, 1st May, 1937.

I have the honour to inform you that I have had under my consideration the question of the policy to be adopted in connexion with expenditure in general, and in particular with the filling of vacancies and the creation of new appointments on the permanent staff, during the interim period of uncertain duration which must elapse pending receipt and consideration of the Report of the Royal Commission.

2. Until the lines of future policy are known and it is possible to form some estimate of the time that will be required to put that policy into effect, I regard it as essential that expenditure on new services or even on what may be termed normal expansion of existing services, especially additions to the permanent establishment, should be rigorously avoided unless such expenditure is clearly necessary for purposes of public security, efficient administrative control, and the maintenance of economic services which may be classed as revenue-producing.

3. Moreover, the information contained in your secret despatch of the 17th March* with regard to the diminution of revenue and the depletion of surplus funds which has resulted from political disturbances during the past financial year, indicates, in my opinion, the necessity for careful scrutiny of the draft Estimates of expenditure for the current financial year with a view to effecting all possible economies.

4. I shall be obliged, in the first place, if you will give consideration in the light of the preceding paragraphs of this despatch to the desirability of deferring the selection of candidates for the following new appointments which have recently been approved in principle but have not yet been filled, and if you will furnish me with your views by telegraph:—

Appointment.	*Reference.*
(*a*) Relieving President District Court, for Land cases	Mr. Hall's confidential despatch of 6th March†.
(*b*) 3 Cadet Officers, Grade G, for Land Settlement duties	Mr. Hall's confidential despatch of 6th March†.
(*c*) Inspector of Girls' Schools ...	Your despatch confidential "F" of 7th November, 1936‡.
(*d*) Chief Technical Instructor, Trade School, Haifa	Your despatch No. 705 of 4th July, 1936§.
(*e*) Agricultural Education and Research Officer	Your despatch No. 107 of 6th February, 1937‖.
(*f*) Accountant and Establishment Officer, Department of Health ...	Your despatch No. 1381 of 10th December, 1936¶.

5. Detailed examination of the draft Estimates for the year 1937/38 has not yet been completed, but a general survey of the financial position and regard for the uncertainty of future policy to which I have drawn attention above, compels me to ask you to give further consideration to the estimates of expenditure. I have noted the observations contained in paragraphs 14 to 21 of your secret despatch of the 17th March*, and I appreciate the economy which has been exercised in framing these Estimates; but, even allowing for the fact that the estimate of expenditure on public security forces (which may be regarded as inevitable) shows a total increase of £576,211 as compared with expenditure in 1935/36, I should find it difficult to justify in present circumstances estimates showing a gross excess of more than £1,100,000 over the actual expenditure in 1935/36, and a deficit on the year's working of £371,235.

6. I regret therefore that I must ask you to cause the estimates of expenditure to be subjected to further rigorous scrutiny with a view to effecting, if possible, such reductions as will at least secure a balanced budget, and if you will furnish me as early as possible by air mail with your recommendations, which might conveniently take the form of

(*a*) a list of items to be deleted from the draft Estimates;

(*b*) a list of items which might be allowed to stand provisionally, it being understood that no expenditure would be incurred until it is possible to reach a decision as to their desirability in the light of discussions on future policy.

I have, &c.,

W. ORMSBY GORE.

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* No. ~~75005/37 [No. 1]~~ 1.

† No. 75179/5/37 [No. 1]

‡ No. 75817/36 [No. 21]

§ No. 75582/1/36 [No. 1]

‖ No. 75535/2/37 [No. 1]

¶ No. 75651/36 [No. 1]

Palestine Estimates—(C.28105/102). 12.

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75005/37 [No. 9]. No. 3 . PROOF.

PALESTINE.

THE HIGH COMMISSIONER

to

THE SECRETARY OF STATE.

(Received 2.25 p.m., 22nd May, 1937.)

TELEGRAM.

No. 238. 22nd May. With reference to paragraph No. 4 of your secret despatch of the 1st May*. I agree to deferring selection of candidate for posts (*c*) (*d*) (*e*) and (*f*). Regarding posts (*a*) and (*b*) I am addressing you by despatch.

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* No. ~~75005/37 [No. 7]~~. 2

Palestine Estimates—(C.28105/100). 12.

Working Copy

75005/37 [No. 11]. No. 4. PROOF.

PALESTINE.

THE OFFICER ADMINISTERING THE GOVERNMENT

to

THE SECRETARY OF STATE.

(Received 2nd July, 1937.)

[*Answered by No. 75005/37 [Nos. 8 and 9].*]

(Secret.)

SIR, Jerusalem, 28th June, 1937.

I have the honour to refer to your secret despatch of the 1st May, 1937*, regarding the draft Estimates of this Government for the current financial year.

2. I have already replied to the questions asked in paragraph 4 of your despatch and I have made certain recommendations in regard to the appointments mentioned therein.

3. I have also caused the draft Estimates to be scrutinized with a view to effecting the economies asked for in paragraphs 5 and 6 of your despatch, and I now forward schedules† showing the economies which I propose to make.

4. In paragraph 3 of the High Commissioner's secret despatch of the 17th March, 1937‡, the estimated deficit for the year 1937–38 was stated to be LP.371,235. In order to effect the saving of such a sum the Acting Treasurer scrutinized the draft Estimates and extracted therefrom all new expenditure thereby arriving in the case of each Department at a figure representing the maximum of economies that might be effected, and after discussion with him I decided to call on Heads of Departments to effect savings of certain definite sums. A copy of my Circular No. 57 of the 25th May, 1937†, is enclosed for your information. It will be seen that the total economies then sought amounted to LP.404,568.

After discussion with the Acting Treasurer of the recommendations for reductions made by Heads of Departments in response to my circular certain modifications were decided upon; and finally, as a result of a discussion with the High Commissioner, a total saving of LP.366,854 was reached. In addition it was found possible to increase the estimate of revenue under the following heads as it was thought that the draft Estimates had been unduly conservative:—

		LP.
Head IV.	Item 1 Fees—Bankruptcy Fees	2,500
	Item 2 Fees—Court	10,000
Head VI.	Item 1 State Domains	5,000
		LP.17,500

5. The result of this re-cast of the Estimates is that estimated Revenue now exceeds estimated Expenditure by a sum of LP.13,119, namely:—

		LP.
Revenue:—		
As contained in the printed draft Estimates		5,018,496
Additions		17,500
Revised Total		5,035,996
Expenditure:—		
As contained in the printed draft Estimates		5,232,514
Northern Frontier Control and Railway Auxiliary Police		157,217
		5,389,731
Less reductions		366,854
Revised Total		LP.5,022,877
Excess of Revenue over Expenditure		LP.13,119

* No. ~~75005/37 [No. 7]~~. 2. † Not printed here. ‡ No. ~~75005/37 [No. 1]~~.

6. In paragraph 6 of your despatch under reference you asked that proposals for reductions in expenditure should be presented in the following form:—

(*a*) A list of items to be deleted from the draft Estimates; and

(*b*) A list of items which should be allowed to stand provisionally, it being understood that no expenditure would be incurred until it is possible to reach a decision as to their desirability in the light of discussions on future policy.

7. I have found it difficult to comply with these instructions because in order to find a sum of the order of LP.371,000 it has not been found possible to reserve any considerable sum in anticipation of subsequent release. That is to say, although many of the projects are deferred, I have to show them as deferred for the whole year, which in effect means that they have had to be deleted from the current year's draft Estimates. It will be noted that in paragraph 4 of my Circular No. 57 I asked Heads of Departments to list their proposals for reductions in order of priority, the first items being those with which they could most easily dispense; and I stated that if the situation were to improve it might be possible to re-insert provision in the Estimates by taking the last item in each statement submitted by Heads of Departments and working upwards. I propose that this course should be adopted should favourable circumstances arise.

8. It will be observed from the enclosed statements that reductions have been classified under two heads, namely:—

(*a*) Definite cuts in respect of new services, new appointments, etc; and

(*b*) Natural savings resulting from unfilled vacancies, delay in making appointments, etc.

9. It will be observed that little or no reduction has been effected on the votes concerned with public security. Practically the whole of the recurrent expenditure in the Police Estimates has already received your approval, and in the present state of political uncertainty it would be unwise to effect any considerable economies on this vote. I am, however, considering whether certain savings can be effected under items of Special Expenditure and you will observe that some natural savings have already accrued. Obviously no cut is possible on the Vote for Defence, while under the Vote for the Trans-Jordan Frontier Force the economies effected are trifling and can be effected without imperilling the efficiency of the Force.

10. Cuts on Health and Education have been reduced to the minimum. In the case of Health, I have had to recommend postponement of the scheme for the establishment of a Tuberculosis Hospital and the Tuberculosis Dispensary Service; but I have retained a sum of LP.1,000 under Head XXVIII for the construction of the Tuberculosis Hospital at Nazareth in the hope that, should the financial situation improve, it may be possible to proceed with the construction of this building.

11. With regard to Education, the reductions made, apart from natural savings totalling LP.1,590, have been determined with a view to avoiding interference with the limited degree of normal expansion provided in the draft Estimates in respect of urban and rural elementary education. It has, however, been necessary to reduce by practically one-half the proposed slight extension of practical instruction; to eliminate the provision for 12 scholarships, in the form of free rations, for the Training Centre at the Kadoorie Agricultural School, Tulkarm; to delete the provision for one University Scholarship, which is vacant; to confine grants to private institutions for the care of neglected children to existing commitments; to eliminate provision for the School for the Blind and to delete the provision for a grant to Ramallah Municipality towards the cost of building a school. It has also been necessary to confine the programme of construction of town schools to the schools now under construction and one new school at Haifa and to postpone the construction of four other schools which have not yet been commenced, out of the original programme of ten schools. The effect of these excisions on the grant-in-aid to schools of the Vaad Leumi has been to reduce the recurrent grant by LP.574 to LP.44,173 and the capital grant by LP.9,991 to LP.10,021.

12. In paragraph 5 of my Circular No. 57 I informed Heads of Departments that I proposed to make a reduction of 15 per cent in the Transport and Travelling Votes. It will be observed that I have not pursued this policy in every case, as in some Departments, e.g., District Administration, a cut of this magnitude would, I think be detrimental to efficient administration. In most cases I have refrained from making a 15 per cent cut, but I have made cuts varying between 5 per cent and 15 per cent according to the circumstances of the particular Department. I am of the opinion that despite these cuts Heads of Departments will find it possible to carry out the normal travelling itinerary without detriment to the public service.

13. It will be appreciated that since the draft Estimates were submitted to you many projects have been under consideration by Government and in some cases they have been referred to you. I attach a statement* showing projects which have already been approved or in all probability will be approved in the near future. In cases where your approval has already been sought a reference note is made. The total of such projects to date amounts to LP.379,874. I should point out, however, that it was not expected that the cost of certain of these projects, e.g., land for Army married quarters at Haifa, the Jaffa–Haifa road, etc., could be met from any one year's Revenue and as you are aware they have been shown as commitments against surplus balances in the Treasurer's statements on the subject during the past few years, as will be seen, for example, from paragraph 52 of the Treasurer's memorandum on the Revenue Estimates for the current year which formed the second enclosure to my Secret despatch of the 17th March, 1937†.

14. You will readily appreciate that it is quite impossible for me to indicate further savings in the draft Estimates to cover this unforeseen expenditure. In finding savings to the extent of *LP.366,854* I have already acquiesced in proposals which must slow up development and which in any other circumstances I should most strongly deprecate. I instance in this regard, in particular, the postponement of the scheme for construction of the Tuberculosis and Ramle Hospitals, the deletion of provision for the School for the Blind, the requirements of the Haifa Cargo Jetty and Ancillary works, and grants to institutions for the care of neglected children. I am satisfied, however, that it is not possible to effect a balanced budget unless the proposals in regard to the deletion of these projects are accepted.

15. I shall be obliged if you will inform me as soon as possible whether the proposals made in this despatch are acceptable and whether the Estimates as now revised may be approved. I am anxious to avoid the situation that arose last year, when owing to the absence of approved Estimates much additional work and no little confusion was caused to Heads of Departments in obtaining sanction for expenditure on essential services involving constant reference to you for authority to incur expenditure. The presentation of approved Estimates will do much to facilitate the work of Departments and to ensure efficiency in administration.

I have, &c.,

W. D. BATTERSHILL,

Officer Administering the Government.

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* Not printed.

† No. ~~75005/37 [No. 1]~~. 1

Working Copy

75005/37 [No. 12]. No. 5 PROOF.

PALESTINE.

THE SECRETARY OF STATE

to

THE HIGH COMMISSIONER.

(Sent 1 p.m., 17th July, 1937.)

TELEGRAM.

[*Answered by No.* ~~75005/37 [No. 13].~~] 6

No. 373. Secret. Your despatch of 28th June Secret*. Revised draft Estimates. In view of importance attached by Royal Commission to increase of expenditure on Arab education (Chapter XVI and Chapter XXII) I feel that risk of severe criticism will be incurred if Education Vote is cut down by £19,890 and Vote for New School Buildings under Public Works Extraordinary by £36,000 as you propose. Shall be glad to learn by telegraph whether on reconsideration you agree that apart from " natural savings " these cuts should be restored and if so whether savings can be found under other heads to balance amount to be reinserted in Estimates. If it is quite impossible to find alternative savings I should be prepared to ask Treasury to approve provision for Education even if it involves deficit on annual Estimates.

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* No. ~~75005/37 [No. 11].~~ 4

Palestine Estimates—(C.28105/95). 12.

Working Copy.

75005/37 [No. 13]. No. 6 PROOF.

PALESTINE.

THE HIGH COMMISSIONER

to

THE SECRETARY OF STATE.

(Received 7.17 p.m., 19th July, 1937.)

TELEGRAM.

[*Answered by ~~No. 75005/37~~ [No. 9*].]

No. 346 secret. 19th July. Your telegram No. 373 secret*. Educational vote revised draft Estimates. I regret it will be quite impossible to find alternative saving and I shall be grateful if you will ask Treasury to approve full provision for education even if it results in deficit on annual Estimates.

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* No. ~~75005/37 [No. 12]~~. 5

Working Copy

75005/37 [No. 14]. No. 7 PROOF.

COLONIAL OFFICE

to

TREASURY. 8

[*Answered by ~~No. 75005/37 [~~No. 8].]

SIR, Downing Street, S.W.1, 6th August, 1937.

I am directed by Mr. Secretary Ormsby Gore to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a despatch* from the Acting High Commissioner for Palestine, together with two copies of the draft Estimates† for the current financial year and of printed memoranda† by the Treasurer on revenue and expenditure. Copies of these documents have already been sent to the Treasury semi-officially.

2. The printed draft Estimates show the position as follows:—

	£	£
Estimated balance at 31st March, 1937 ...		4,819,914
Estimated revenue 1937–38	5,018,496	
Estimated expenditure 1937–38	5,232,514	
Estimated deficit on the year's working ...		214,018
Estimated balance at 31st March, 1938 ...		4,605,896

It is, however, explained in paragraph 3 of Mr. Hall's covering despatch that the printed draft Estimates take no account of expenditure amounting to £157,217, which had not at the time been approved, in connexion with the Northern Frontier and Railway Auxiliary Police Forces, and that the true estimated deficit on the year's working is therefore £371,235.

3. The Secretary of State has no observations to offer on the draft estimate of revenue, which is £527,441 below the original estimate for the year 1936–37 and £463,160 in excess of the revised estimate for that year. Their Lordships will have learnt from the monthly returns of revenue and expenditure that revenue in the first quarter of the current year exceeded by £231,656 the revenue collected in the corresponding period in 1936–37.

4. Careful examination of the expenditure shown in the printed Estimates confirms the assurance given by Mr. Hall in paragraphs 14 and 15 of his despatch as to the care that has been taken to avoid any increase of expenditure which cannot fairly be regarded as inevitable and to make such provision only as will maintain existing services at a reasonable level of efficiency and to provide for such essential new services as can no longer be delayed. In view, however, of the revenue position and the uncertainty of the political situation, Mr. Ormsby Gore felt some difficulty in submitting for their Lordships' approval Estimates which showed a gross excess of more than £1,100,000 over the actual expenditure in the year 1935–36 and a deficit on the year's working of £371,235, and was reluctantly compelled to ask the High Commissioner to subject the draft Estimates to further scrutiny with a view, if possible, to securing such economies as would bridge the deficit between revenue and expenditure. A further copy of the Secretary of State's despatch on this subject‡, a copy of which has already been forwarded semi-officially, is enclosed.

5. The High Commissioner has now reported, in a despatch§ of which a copy is also enclosed, that he has called upon all Departments to effect savings of certain definite amounts, and it will be seen from this despatch and its enclosures that cuts in expenditure to a total of £366,854 have been effected and that the estimate of revenue has been increased under Head IV, Items 1 and 2, and under Head VI, Item 1, by £17,500. The result of these modifications of the draft Estimates is that estimated revenue now exceeds estimated expenditure by a sum of £13,119.

6. At the same time, the High Commissioner observes that since the draft Estimates were submitted he has found it necessary to obtain approval for various items of expenditure for which no provision had been made. A list of these items of expenditure amounting to £379,874 is contained in the last enclosure to the High Commissioner's despatch in which references to the relevant correspondence, if any, with the Treasury have been inserted. In addition, approval has recently been given in your letter No. S.34663/2 of the 16th of July‖ for expenditure not exceeding £70,000 on the

21

* No. ~~75005/37 [No. 1]~~. 1 † Not reprinted. ‡ No. ~~75005/37 [No. 7]~~. 7
§ No. ~~75005/37 [No. 11]~~. 4 ‖ No. 75528/18/37 [No. 6]. Not printed.

Palestine Estimates—(C.28105/97). 12.

payment of compensation for loss of property during the recent disturbances. It will be noted that the greater part of this expenditure might in any case have been charged more appropriately against surplus balances than against the revenue of any one year.

7. The Secretary of State is well satisfied with the High Commissioner's response to his request for further economies, and he would not feel justified in pressing for larger reductions of expenditure at the present time. Whatever may be the outcome of the Royal Commission's proposal for partition, which has been accepted in principle by His Majesty's Government, there can be little doubt that a lengthy interval must elapse before effect can be given to it, and in the meantime it is of the first importance, on political as well as other grounds, not only that security services should be maintained, but that there should be no risk of deterioration of the administrative organization or of social services such as public health and education.

8. As regards public health, it is with the greatest regret that the Secretary of State accepts provisionally the High Commissioner's recommendation for the postponement of the establishment of a tuberculosis hospital for which a sum of £12,000 has been included in the draft Estimates. (It will be noted that the High Commissioner is retaining £1,000 under Head XXVIII for this service in the hope that circumstances may permit of the work being proceeded with.) As regards education, the Secretary of State cannot overlook the strong opinions expressed by the Royal Commission in paragraph 24 of Chapter XVI of their Report, where they sympathize with the Arab grievance that not enough money has been provided for Arab education, and hold the view that the claims of education on revenue should be regarded as second in importance only to those of public security. In the light of the Report of the Royal Commission, the Secretary of State feels that the Government of Palestine and His Majesty's Government would incur severe criticism if the provision for education in the draft Estimates, which allowed of the continuance only on the minimum scale of the scheme of extension which was approved a year ago, were to be curtailed as proposed in the High Commissioner's despatch of the 28th of June* by £19,890 under Head XII, Education, and by £36,000 (for new school buildings) under Head XXVIII, Public Works Extraordinary. This matter has been the subject of correspondence with the High Commissioner, who has accepted the view expressed above but regrets that it is quite impossible for him to find alternative savings. In the circumstances, the Secretary of State has no alternative but to ask their Lordships to approve of the restoration of the provision shown in the draft Estimates, with the exception of the amount of £1,590 described in paragraph 11 of the High Commissioner's despatch of the 28th of June as " natural savings ".

9. On this basis, the position may be restated as follows:—

	£	£
Estimated balance at 31st March, 1937 ...		4,819,914
Estimated revenue 1937–38	5,035,996	
Estimated expenditure 1937–38	5,076,877	
Estimated deficit on the year's working ...	40,881	
Commitments against surplus balances in 1937–38 (including £70,000 for compensation)	449,874	
		490,755
Estimated balance at 31st March, 1938 ...		4,329,159

10. The Secretary of State will be glad to receive their Lordships' approval of the draft Estimates revised as shown above, on the understanding that the situation will be closely watched in the light both of political developments and of the revenue position, and that, in view of the uncertainty of the future, the closest control will be exercised over the expenditure of the various Departments.

11. Future commitments against surplus balances are summarized and discussed in paragraphs 50–53 of the Treasurer's memorandum on revenue from which it will be seen that surplus balances fall short by over £3,000,000 of the amount required to meet unavoidable commitments and the programme of desirable works which has been in contemplation in the past few years, and that there is now no prospect of setting aside the reserve fund, the formation of which has received their Lordships' sanction.

* No. ~~75005/37 [No. 11]~~. 4

12. The deficiency of surplus funds is to a large extent due to the delay that has taken place in the issue of the loan of £2,000,000 for which the guarantee of His Majesty's Government was approved as long ago as 1933. In anticipation that the loan would be issued, the Palestine Government have spent or incurred liability for an amount of £1,942,000 out of surplus funds and the necessity for the restoration of this sum to the balances of the territory is clearly imminent.

13. The list of prospective commitments against surplus balances will no doubt require revision when the lines of future political development can be seen more clearly. If a scheme of partition is finally adopted, it may become inadvisable to embark upon certain projects which are included in the list; on the other hand, there will no doubt be heavy charges to be met in connexion with the various investigations which will be required as a prelude to partition. When the time comes to review the financial position it will be necessary to take into active consideration the question of the issue of the £2,000,000 loan. In the meantime, the High Commissioner will be asked to defer as long as possible any proposals involving future commitments against surplus balances or additions to recurrent expenditure.

14. In conclusion, I am to express regret for the delay which has taken place in submitting the draft Estimates to the Treasury. As their Lordships will realize, this delay has been due to the necessity for reference back to the High Commissioner and to heavy pressure of work in this Department arising out of the Report of the Palestine Royal Commission. The Secretary of State trusts that their Lordships will be able to sanction the revised draft Estimates at a very early date, thus relieving a situation of increasing inconvenience to the Government of Palestine, to this Department and, no doubt, to the Treasury.

I am, &c.,

H. F. DOWNIE.

"Working Copy"

75005/37 [No. 18]. No. 8 PROOF.

TREASURY

to

COLONIAL OFFICE.

S.35956/01/37.

SIR, Treasury Chambers, 20th August, 1937.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Downie's letter of the 6th instant* with enclosures, and earlier correspondence, relative to the draft Palestine Estimates for the current financial year, and I am to request you to convey to Mr. Secretary Ormsby Gore the following reply.

2. My Lords note that the original draft Estimates provided for a deficit on the year's working of £371,235, but that as the result of a request by the Secretary of State to the High Commissioner to subject the draft Estimates to further scrutiny with a view to securing, if possible, such economies as would eliminate this deficit, cuts in expenditure to a total of £366,854 have been effected and the estimate of revenue has been increased by sums amounting to £17,500. Their Lordships wish to place on record Their appreciation of the action taken, and of the response made by the High Commissioner and the Departments concerned.

3. On the other hand, approval has been given, since the original draft Estimates were submitted, for various items of expenditure, for which no provision had been made, amounting to a total of £449,874 inclusive of a sum not exceeding £70,000 which was authorized by the Treasury Letter of the 16th ultimo (S.34663/2)†, for the payment of compensation for loss of property during the recent disturbances. Furthermore, it is proposed to approve of the restoration of provision for educational development amounting to £54,300, reducing the total figure of expenditure cuts to £312,554. The real deficit on the budget will thus be approximately £500,000. In the very special circumstances My Lords agree to the restoration of educational provision as proposed: but They wish to make it clear that Their acceptance of this proposal is without prejudice to Their view that in general the progress of educational development must be subject to budgetary considerations.

4. The resulting position may be stated as follows:—

Estimated balance at 31st March, 1937 ... £4,819,914.

Estimated Expenditure 1937–38:—

	Ordinary.	*Extraordinary.*	*Railways.*
	£	£	£
Draft Estimates ...	4,312,744	794,660	125,110
Cuts proposed ...	167,376 (net)	149,076	50,402
	4,145,368	645,584	74,708
Education cuts restored	18,300	36,000	
	4,163,668	681,584	74,708

	£
	4,163,668
	681,584
	74,708
	4,919,960
Northern Frontier and Railway Auxiliary Police Forces ...	157,217
Total ...	£5,077,177

Estimated Revenue, 1937–38:—
£5,035,996.

	£	
Estimated Deficit, 1937–38	41,181	
Commitments in 1937–38 against surplus balances	449,874	
		£491,055
Estimated balance at 31st March, 1938		£4,328,859

* No. ~~75005/37 [No. 14]~~. 7

† No. 75528/18/37 [No. 6]. not printed

5. My Lords approve the Estimates on the above basis, on the understanding that the situation will be closely watched in the light both of political developments and of the revenue position, that, in view of the uncertainty of the future, the closest control will be exercised over the expenditure of the various Departments, and that the High Commissioner will be requested to defer as long as possible any proposals involving future commitments against surplus balances or additions to recurrent expenditure.

I am, &c.,

F. PHILLIPS.

75005/37 [No. 19]. No. 9 PROOF.

Working Copy

PALESTINE.

THE SECRETARY OF STATE

to

THE HIGH COMMISSIONER.

(Secret (2).)

SIR, Downing Street, 27th August, 1937.

I have the honour to confirm my secret telegram No. 434 of the 19th August*, regarding the draft Estimates for 1937–38, which read as follows:—

> "My despatch of the 9th August secret†: Draft Estimates for 1937–38 submitted in your secret despatch of 17th March‡ are approved, as modified by your secret despatch of 28th June§ but retaining full provision for education under Education Department and Public Works Extraordinary Heads as in my telegram No. 373 secret of 17th July||. Despatch follows."

2. It will be recalled that the original draft Estimates submitted with Mr. Hall's secret despatch of the 17th March provided for a deficit on the year's working of £371,235, but that, as a result of my secret despatch of the 1st May¶ requesting you to subject the draft Estimates to further scrutiny with a view to securing (if possible) such economies as would eliminate this deficit, cuts in expenditure to a total of £366,854 have been effected and the estimate of revenue has been increased by sums amounting to £17,500. In conveying their approval of the draft Estimates in their revised form, the Lords Commissioners of the Treasury state that they wish to place on record their appreciation of the response made by all Departments of the Palestine Government in this respect.

3. On the other hand, approval has been given, since the original draft Estimates were submitted, for various items of expenditure for which no provision had been made, amounting to a total of £379,874, as set out in the third enclosure to Mr. Battershill's secret despatch of the 28th June; in addition, there is a sum of £70,000 which it is proposed to allocate for compensation for loss of property during the disturbances of 1936, and for which approval was given in my telegram No. 410 Confidential of the 3rd August**. Furthermore, as a result of the correspondence ending with your telegram No. 346 secret of the 19th July††, it has been decided to approve the restoration of provision for educational development shown in the draft estimates (with the exception of the amount of £1,590 described in Mr. Battershill's despatch of the 28th of June as "natural savings"), the total involved being £54,300. The total figure of expenditure cuts will thus be reduced to £312,554.

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* No. 75005/37 [No. 17]: not printed.
† No. 75005/37 [No. 16]: not printed.
‡ No. ~~75005/37 [No. 1]~~. 1
§ No. ~~75005/37 [No. 11]~~. 4
|| No. ~~75005/37 [No. 12]~~. 5
¶ No. ~~75005/37 [No. 7]~~. 2
** No. 75528/18/37 [No. 7].
†† No. ~~75005/37 [No. 13]~~. 6

not printed

4. The resulting position may be stated as follows:—

Estimated balance at 31st March, 1937 ... £4,819,914.

Estimated Expenditure 1937–38:—

	Ordinary.	*Extraordinary.*	*Railways.*
	£	£	£
Draft Estimates ...	4,312,744	794,660	125,110
Cuts proposed ...	167,376 (net)	149,076	50,402
	4,145,368	645,584	74,708
Education cuts restored	18,300 (net)	36,000	
	4,163,668	681,584	74,708

	£
	4,163,668
	681,584
	74,708
	4,919,960
Northern Frontier and Railway Auxiliary Police Forces ...	157,217
Total ...	£5,077,177

Estimated Revenue, 1937–38:—
£5,035,996.

	£	
Estimated Deficit, 1937–38	41,181	
Commitments in 1937–38 against surplus balances	449,874	
		£491,055
Estimated balance at 31st March, 1938		£4,328,859

5. I therefore convey to you my approval, with the concurrence of the Lords Commissioners of the Treasury, of the Estimates on the above basis, on the understanding that the situation will be closely watched in the light both of political developments and of the revenue position; that, in view of the uncertainty of the future, the closest control will be exercised over the expenditure of the various Departments; and that you will defer as long as possible any proposals involving future commitments against surplus balances or additions to recurrent expenditure. With regard to the restoration of the cut made in the provision for education, the Lords Commissioners of the Treasury, in expressing their concurrence in this action, wish to make it clear that their acceptance of the proposal is without prejudice to their view that in general the progress of educational development must be subject to budgetary considerations.

I have, &c.,

W. ORMSBY GORE.

TRANS-JORDAN FRONTIER FORCE

Working Copy. EPW

77104/36 [No. 2]. No. 10 PROOF.

TRANS-JORDAN.

THE SECRETARY OF STATE

to

THE HIGH COMMISSIONER.

(Sent 1 p.m., 12th October, 1936.)

TELEGRAM. 11

[*Answered by ~~77104/36~~ [No. 8].*]

No. 62. Shall be obliged if you will let me have not later 25th October provisional figures for the Estimates of the Trans-Jordan Frontier Force 1937/1938 under same heads as are given in your telegram No. 54 of 24th October, 1935, also sum estimated to be received as rents from married quarters of native other ranks. Detailed Estimates should reach me by 1st December.

Palestine (Trans-Jordan) Estimates—(C.26314/89). 12.

L* No.

Working Copy. Pgs

77104/36 [No. 3]. No. 11 PROOF.

TRANS-JORDAN.

THE HIGH COMMISSIONER

to

THE SECRETARY OF STATE.

(Received 6.17 p.m., 14th October, 1936.)

TELEGRAM.

No. 52. 14th October, 1936. Your telegram No. 62*. Trans-Jordan Frontier Force Estimates 1937/1938. Recurrent expenditure £194,476; capital works Palestine £15,405; capital works Trans-Jordan £7,169; estimated revenue from rents £850.

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* No. ~~77104/36 [No. 2]~~. 10

Working Copy. E[illegible]

77104/36 [No. 4]. No. 17 PROOF.

COLONIAL OFFICE

to

TREASURY.

SIR, Downing Street, S.W.1, 21st October, 1936.

I am directed by Mr. Secretary Ormsby Gore to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a telegram* from the High Commissioner for Trans-Jordan regarding the provision to be made in the Vote for Colonial and Middle Eastern Services 1937/38 in respect of Trans-Jordan Frontier Force grant-in-aid.

2. The estimated expenditure is as follows:—

	£
(1) Recurrent	194,476
(2) Capital Works, Palestine	15,405
(3) Capital Works, Trans-Jordan	7,169
	£217,050

3. Pending the receipt of the detailed Estimates, the sum of £153,100 has been provisionally inserted in the draft Vote for 1937/38 for the grant-in-aid required for the Force. This sum is calculated in the following manner:—

	£
Three-quarters of the estimated recurrent expenditure	145,857
Capital Works, Trans-Jordan	7,169
Total	£153,026
Say	£153,100

4. The sum estimated to be received as rents from the married quarters for native other ranks is £850 and this sum will be included under the Appropriations-in-Aid Subhead of the above Vote.

I am, &c.,

O. G. R. WILLIAMS.

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* No. ~~77104/36 [No. 3]~~. [illegible]

Working Copy

77104/36 [No. 7]. No. 3 PROOF.

TRANS-JORDAN.

THE HIGH COMMISSIONER

to

THE SECRETARY OF STATE.

(Received 10th January, 1937.)

[*Answered by No.* ~~77104/36~~ *No.* 74.]

(Confidential.)

SIR, Jerusalem, 6th January, 1937.

I have the honour to refer to my telegram No. 52 of the 14th October, 1936*, regarding the Estimates of the Trans-Jordan Frontier Force for the financial year 1937–38, and to transmit herewith the detailed expenditure estimates, which form Head XXI, Trans-Jordan Frontier Force, and Head XXIX, Trans-Jordan Frontier Force Extraordinary, of the Palestine Estimates.

2. It will be seen that these estimates, as a result of detailed examination, are somewhat less than the totals given in my telegram under reference. The figures now are:—

	£P.
Recurrent	188,511
Capital works in Palestine	8,985
Capital works in Trans-Jordan	6,739

The grant-in-aid required will consequently be £P.148,123.

3. The following increased provisions under Recurrent Expenditure require explanations:—

(i) Items 18 to 21. The Officer Commanding has strongly recommended that the post of Chief Clerk, which is filled by a British Warrant Officer, should be regraded to the scale £P.340–10–480 a year. I am examining this proposal and shall address you further on the subject. As regards the other five British Warrant Officers the only change is that the expatriation allowances formerly shown separately have been included in their consolidated salaries.

(ii) Items 33 and 34. The regrading of the appointment of Regimental Records Officer was approved in your confidential despatch of the 14th November, 1936†.

(iii) Items 36 and 37. I have recommended the proposed increase of the pay of Squadron and Company Quartermaster Sergeants in my despatch No. 154 of the 25th November, 1936‡.

(iv) Items 41, 43 and 47. The Officer Commanding has represented that the signals establishment of the Force is inadequate. This view is strongly supported by the General Officer Commanding. I am examining the position further in consultation with the General Officer Commanding and the Air Officer Commanding Royal Air Force, and shall submit my conclusions to you in due course.

(v) Items 53 and 54. The Officer Commanding has found that tradesmen who offer themselves for enlistment in the Frontier Force are generally of poor standard of efficiency, or completely unacquainted with the type of vehicles used in the Force. He has therefore drawn up a scheme for the enlistment of six boys as apprentice-tradesmen, three of whom would be trained as fitters, one as an electrician, one as a bodymaker for mechanical transport and one as a carpenter. They would be paid £P.2 a month and would be engaged for five years. Other details of the scheme are being worked out in consultation with the Director of Public Works and the Director of Education. In order to offset the additional expenditure of £P.144 a year which the scheme involves, it is proposed to reduce the present workshops establishment by one mechanic.

(vi) Items 67 and 69. Approval for the appointment of a sanitary sub-inspector and the provision of an additional £P.250 for labour for anti-malarial work was given in your telegram No. 34 of the 2nd June, 1936§. The Director

* No. ~~77104/36 [No. 3].~~ || † No. 77144/36 [No. 4]. not printed ‡ No. 77078/36 [No. 1]. not printed
§ No. 77030/36 [No. 24]. not printed

of Medical Services, Palestine, recommends that the same provisions should be made in the coming financial year, in order that the anti-malarial control at Jisr Majami' may be continued. The remaining amount of £P.150 under Item 69 has been transferred from Item 91.

(vii) Items 74 and 109. Provision for the purchase of furniture for British Officers' quarters, to conform with the new conditions of service, was included in the Estimates for 1935–36, and the greater part of the provision, being unspent at the end of that financial year, was revoted in the current Estimates. The sum provided has not been expended, and after a very careful study of the question Lieutenant-Colonel Chrystall has reached the conclusion that it would be far preferable that the British Officers should continue to furnish their own quarters and draw a furniture allowance, rather than that Government should provide the furniture. The reasons which have led him to this conclusion may be summarized as follows: experience has shown that the agreed scale of furniture is inadequate; there are different types of quarters so that a different scale would be necessary for each type; many officers are already in possession of their own furniture; difficulties have arisen when officers are transferred from Zerka or Ma'an, where some are provided with furniture, to Jordan Valley stations where the quarters are not furnished; the officers generally much prefer to furnish their quarters to suit their own taste and ideas of comfort, and do not mind the possible loss which they may incur when they are obliged to sell their furniture on leaving the Force. I appreciate the force of these arguments, which have been strongly represented by Lieutenant-Colonel Chrystall, and I recommend that his proposal should be accepted. As a result, however, of further discussion with him it appears that the expense incurred by a single officer stationed at Zerka or Ma'an, where there are Officers Messes, on the purchase of furniture is less than that incurred by officers at the Jordan Valley stations of the Force, or by married officers. I therefore propose, with the concurrence of Lieutenant-Colonel Chrystall, that for single officers at Zerka and Ma'an the furniture allowance should be reduced to £P.2 a month. The foregoing recommendations have been taken into account in calculating the provision made under Item 74, and in deleting the provision under Item 109.

(viii) Item 95. It has been found desirable to put on a formal basis the arrangements for the supply of water to the Rosh Pinna camp. Hitherto it has been obtained at a nominal charge: the new rate will be 20 mils a cubic metre, which is a very reasonable charge.

(ix) Item 99. The Force has for some time been considerably below its establishment of horses, and the Officer Commanding is anxious to complete it to the approved strength. I propose that one-half only of the deficit, namely 22 horses, should be made up in the financial year 1937–38, in addition to the replacement of castings and casualties estimated at 50 horses.

(x) Item 101. The provision comprises a revote of £P.4,375 in respect of vehicles ordered in the current financial year which are not likely to be delivered until 1937–38. The remaining amount of £P.6,500 represents the cost of replacing old cars according to programme.

The Officer Commanding recently convened a Board to review the question of the type of vehicles used by the Force. I have not yet received the report of the Board, but I understand that it is probable that the adoption of a different, and less expensive, make of car will be recommended. It is unlikely, however, that the matter can be decided before it becomes necessary to effect the replacements due in 1937–38, and the provision under this Item is therefore made on the basis of the types of car now in use.

(xi) Item 103. I enclose memoranda* written by the Officer Commanding on the Infant Welfare Centre and the School at Zerka, and the School at Ma'an, maintained by the Trans-Jordan Frontier Force. I am of the opinion that a contribution by Government to these institutions is fully justified, and I have included a provision of £P.60 for this purpose.

(xii) Item 115. The sum of £P.150 included in the Estimates for 1936–37, for equipment for the proposed new hospital at Jisr Majami' has not been

* Not printed.

expended as the hospital has not been built. I have decided, in view of the need for economy, to defer the construction of this hospital, and the provision for this equipment is therefore not being re-voted in 1937–38. The provision of £P.80 now inserted comprises £P.30 to equip the proposed officers' ward in the Trans-Jordan Frontier Force hospital at Zerka (see Item 13 of Works Extraordinary) and £P.50 to purchase bone instruments for that hospital.

(xiii) Item 117. Ice has hitherto been purchased daily in Amman for keeping reserve stocks of vaccines and sera at a proper temperature, for cooling milk and other articles of food for patients, and for treating cases of hyperpyrexia. The transport charges, added to the cost of the ice, make the arrangement uneconomical and it is calculated that the saving resulting from the purchase of a frigidaire will in three years offset the initial cost of the latter. In the draft Estimates submitted herewith reductions of £P.20 and £P.5 have been made on this account in Items 76 and 91 respectively.

(xiv) Item 118. The provision of £P.200 comprises (*a*) £P.65 for a battery charger which will obviate the necessity of sending batteries to Amman for initial charging, and will replace the obsolete and uneconomical system of charging through carbon lamp resistances; (*b*) £P.120 for a generating set to replace a set worn out during the recent disorders; (*c*) £P.15 for a valve tester.

4. With regard to Item 79, I should mention that consideration has been given to the possibility of reducing the provision for the maintenance of mechanical transport, in the light of experience gained in the running of the new vehicles. I regret that it does not appear possible to make any reduction in the coming financial year, partly on account of the fact that the recent disorders necessitated a very great increase in the mileage run by the cars of the Force, and operations over difficult country, resulting in an increased consumption of spare parts which must now be replaced, and partly because in the present unsettled state of Palestine it appears likely that the Force may be again called upon to undertake operations considerably in excess of the normal running of its cars.

5. Under Works Extraordinary in Palestine, revotes account for *Item 1* (in view of the need for economy only one-half of the current year's provision, which is entirely unspent, is being provided in 1937–38), for £P.1,655 in *Item 2*, for £P.330 in *Item 4*, for £P.350 in *Item 5*, and for *Item 7*. The remainder of *Items 2 and 4* provides for the continuation of the programme for the replacement of temporary by semi-permanent buildings. *Item 3* includes £P.75 for an additional room for the British Officer's quarter, so that he may be able to provide accommodation for inspecting officers, and £P.50 for an extension to the canteen kitchen, which has been found quite inadequate for the number of men in the camp. *Item 5*, in addition to the revote mentioned above, provides £P.120 for the provision of a proper system of drainage for the men's married quarters at Samakh which at present are served unsatisfactorily by soakage pits, and £P.450 for a similar system to serve the whole Jisr Majami' camp where the soakage pits constantly become blocked and overflow to the danger of the health of the Force. *Item 6* provides £P.500 for the construction of roads in the Samakh camp where owing to the heavy nature of the soil, movement within the camp becomes very difficult in winter. *Item 8* provides for the installation of a water tank and distribution pipes within the camp: the present water supply is obtained from the Palestine Railways at the rate of 40 mils a cubic metre, but if the proposed new installation is carried out a contractor, using his own pumping plant and his own piping as far as the camp boundary, will provide water at the rate of 20 mils a cubic metre.

6. Of the proposed provision for Works Extraordinary in Trans-Jordan, revotes comprise £P.1,661 of *Item 9*, and *Items 10 and 12*. The remaining £P.383 under *Item 9* is provided for a Squadron Store at Zerka, in accordance with the programme of replacing temporary by semi-permanent buildings. *Item 11* provides for the upkeep of existing roads in the Zerka and Ma'an camps. *Item 13* provides for the construction of a British Officers' two-bed ward in the compound of the existing Trans-Jordan Frontier Force hospital at Zerka: at present, in the absence of such a ward, an officer who falls ill has to receive treatment, whether medical or surgical, in his quarters, and if he has to undergo an operation it is necessary to clear the patients from the hospital surgical ward

allotted to " other ranks ": the Senior Medical Officer strongly advises the provision of the proposed British officers' ward. The Senior Medical Officer also urges the provision of drainage, in replacement of the existing unsatisfactory percolating pits, to connect the " other ranks " married quarters at Zerka with the sewage farm which deals with the remainder of the camp drainage: *Item 14* provides for this. *Item 15* provides for the enlargement of the musketry range at Zerka from four targets to eight targets, as with its present size the greatest difficulty is experienced in completing the prescribed musketry courses for all the troops stationed at Zerka, which include 1 cavalry squadron, 1 mechanised company, 80 men from Headquarters and details, 120 recruits and 180 reservists: in addition to rifle training some of these have to fire courses with Vickers' guns, Hotchkiss guns or Lewis guns. *Item 16* provides for the survey, which is being carried out with the help of the Trans-Jordan Department of Lands, and the purchase of the lands occupied by the permanent camps of the Frontier Force in Trans-Jordan: at present these lands are occupied without any formal agreement, and it is desirable that the position should be regularized.

I should mention that the range for armoured fighting vehicles, one-half the cost of which was provided under Item 11 of Head XXIX of the Estimates for 1936–37, has not yet been constructed. The Officer Commanding is, however, of the opinion that training can be carried out satisfactorily without such a range, and the Royal Air Force authorities, who desired to share the range for the training of armoured car personnel, have agreed that the project may be deferred.

7. It will be observed that the grant-in-aid now asked for exceeds that approved for the financial year 1936–37. The increase is, however, more than accounted for by various amounts which were approved for expenditure in the current year and which, being unspent owing to the disorders, have been re-voted in the draft Estimates submitted herewith.

8. I take this opportunity of confirming the figure of £P.850 given in my telegram No. 52* as the estimate of revenue in the financial year 1937–38 in respect of rents for " other ranks " married quarters in Trans-Jordan.

I have, &c.,

ARTHUR WAUCHOPE,

High Commissioner for Trans-Jordan.

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* No. ~~77104/36~~ [No. 3]. 11

Enclosure 1 in No.

PALESTINE DRAFT ESTIMATES, 1937–38.

XXI.—TRANS-JORDAN FRONTIER FORCE.

Item No.	1936–37.	1937–38.	Details of Expenditure.	Estimates 1936–37.	Estimates 1937–38.	Increase.	Decrease.	Remarks.
				£P.	£P.	£P.	£P.	
			A.—PERSONAL EMOLUMENTS					
			British Ranks—					
1	1	1	Commanding Officer at £P.1,100 p.a. ..	1,100	1,100	—	—	
2	—	—	Command Pay at 10s. (500 mils) per diem ..	183	183	—	—	
3	1	1	Second-in-Command at £P.900 p.a. ..	900	900	—	—	
4	—	—	Duty Allowance at £P.50 p.a. ..	50	—	—	50	4—Holder now on new conditions of service.
5	1	1	Adjutant at £P.550 p.a. ..	550	550	—	—	
6	—	—	Duty Pay at 5s. (250 mils) per diem. ..	92	92	—	—	
7	4	3	Company Commanders—£P.700—50—800	3,200	2,400	—	800	7/9—Two on new conditions—Net decrease £P.150.
8	1	2	Company Commanders at £P.700 p.a. ..	700	1,400	700	—	
9	—	—	Duty Allowances at £P.50 p.a. ..	—	150	150	—	
10	1	1	Senior Medical Officer at £P.800 p.a. ..	200	800	600	—	
11	1	1	Senior Veterinary Officer at £P.700 p.a. ..	700	700	—	—	
12	2	—	Company Officers—£P.600—50—700 ..	782	—	—	782	12/13—All on new conditions. Net decrease £P.225. Present holders 6 at £P.550, 4 at £P.500.
13	8	10	Company Officers at £P.500/550 p.a. ..	4,743	5,300	557	—	
14	1	1	Signalling Officer—£P.600—50—700 ..	700	700	—	—	
15	1	1	Quartermaster—£P.600—20—700 ..	700	700	—	—	
16	1	1	Paymaster—£P.600—20—700 ..	700	700	—	—	
17	1	1	Workshops Officer at £P.500/550 p.a. ..	550	550	—	—	
18	6	1	Warrant Officer—£P.290—10—340 ..	2,014	98	—	1,916	18/21—One appointment part year only on old conditions. Regrading of Chief Clerk. Net increase £P.14.
19	—	1	Warrant Officers—£P.340—10—480 ..	—	390	390	—	
20	—	5	Warrant Officers—£L.340—10—390 ..	—	1,825	1,825	—	
21	—	—	Expatriation Allowances at £P.50 p.a. ..	300	15	—	285	
			Carried forward					

XXI.—TRANS-JORDAN FRONTIER FORCE.

Item No.	*1936–37.*	*1937–38.*	*Details of Expenditure.*	*Estimates 1936–37.*	*Estimates. 1937–38.*	*Increase.*	*Decrease.*	*Remarks.*
				£P.	£P.	£P1	£P.	
			Brought forward					
			A.—Personal Emoluments—*continued*					
			British Ranks—continued.					
22	1	—	Farrier Staff Sergeant—£P.240—10—280	269	—	—	269	22/24—Holder now on new conditions of service. Net increase £P.10 in respect of increments.
23	—	1	Farrier Staff Sergeant—£P.290—10—330	—	329	329	—	
24	—	—	Expatriation Allowance at £P.50 p.a.	50	—	—	50	
25	2	—	Mechanical Staff Sergeants—£P.240—10—280	490	—	—	490	25/27—Holders now on new conditions of service. Net increase £P.14 for increments
26	—	2	Mechanical Staff Sergeants—£P.290—10—330	—	604	604	—	
27	—	—	Expatriation Allowances at £P.50 p.a.	100	—	—	100	
28	—	—	Compensatory Allowances	72	42	—	30	28—Particulars set out in Appendix " B " of general estimates.
			Local Ranks—					
29	23	23	Local Officers	6,158	6,135	—	23	29—Based on emoluments of present holders of appointments.
			3 Qaids £P.300—20—400					
			7 Raises. £P.252—8—300					
			13 Mulazims £P.208—8—248					
30	—	—	Duty Allowance at £P.50 p.a.	50	50	—	—	
31	3	3	Medical Officers—£P.300—12—420—10—430—15—550	1,331	1,381	50	—	31—Increments.
32	1	1	Veterinary Officer—£P.300—20—400	400	400	—	—	
33	1	—	Regimental Records Officer—£P.180—8—276	236	—	—	236	33/34—Regrading of appointment. Net increase £P.16.
34	—	1	Regimental Records Officer—£P.252—8—300	—	252	252	—	
35	8	8	Clerical Officers	1,415	1,444	29	—	35—Increments.
			1—£P.288—12—360					
			2—£P.180—8—276					
			5—Soldier Clerks at £P.10 p.m.					
36	6	—	Company Quartermaster Sergeants at £P.150 p.a. ..	900	—	—	900	36/37—Regrading. Net increase £P.108.
37	—	6	Company Quartermaster Sergeants at £P.168 p.a. ..	—	1,008	1,008	—	
38	*32*	*32*	*Sergeants at £P.10 p.m.*	*3,840*	*3,840*	—	—	
39	6	6	Lance Sergeants at £P.9 p.m.	648	648	—	—	
40	10	10	Corporal Drivers at £P.12 p.m.	1,440	1,440	—	—	
41	31	36	Corporals at £P.8 p.m.	2,976	3,456	480	—	41—Increased W.T. Establishment.
42	33	33	Drivers at £P.10 p.m.	3,960	3,960	—	—	
43	668	672	Privates at £P.6 p.m.	48,096	48,384	288	—	43—Increase in W.T. Personnel.
44	120	120	Recruits at £P.4.500 mils p.m.	1,080	1,080	—	—	
45	180	180	Reservists	2,898	2,898	—	—	
46	—	—	Proficiency Pay	4,200	4,200	—	—	
47	—	—	Trade Pay	2,485	2,770	285	—	47—W.T. Personnel increase £P.96; W.T. new appointments, £.P.189.
48	—	—	Good Conduct Pay	5,000	5,000	—	—	
49	—	—	Instructors' Pay	30	30	—	—	
50	1	1	C.Q.M.S. Mechanic at £P.18 p.m.	216	216	—	—	
51	2	2	Sergeant Mechanics at £P.16 p.m.	384	384	—	—	
52	2	2	Corporal Mechanics at £P.14 p.m.	336	336	—	—	
53	9	8	Mechanics at £P.12 p.m.	1,296	1,152	—	144	
54	—	6	Apprentices at £P.2 p.m.	—	144	144	—	
55	1	1	Bodymaker at £P.12 p.m.	144	144	—	—	
56	1	1	Tinsmith at £P.10 p.m.	120	120	—	—	
57	1	1	Painter at £P.10 p.m.	120	120	—	—	
58	1	1	Blacksmith at £P.10 p.m.	120	120	—	—	
59	1	1	Pumpman at £P.10 p.m.	120	120	—	—	
60	1	1	Power House Superintendent at £P.15 p.m.	180	180	—	—	
61	4	4	Electrician Mechanics at £P.12 p.m.	576	576	—	—	
62	1	1	Wireless Mechanic at £P.12 p.m.	144	144	—	—	
63	1	1	Assistant Engineer £P.360—10—480	398	408	10	—	63—Increments.
64	1	1	Foreman—£P.180—8—276	182	190	8	—	64—Increments.
65	2	2	Foremen—£P.60—8—172	296	314	18	—	65—Increments.
66	1	1	Clerk—£P.60—8—172	136	146	10	—	66—Increments.
67	—	1	Sanitary Sub-Inspector at £P.10 p.m.	—	120	120	—	67—New appointment approved by Special Warrant No. 168 of 3.9.36 in 1935–36.
68	26	26	Sanitarymen at £P.4.500 mils p.m.	1,404	1,404	—	—	
69	—	—	Anti-Malarial Labour	—	400	400	—	69—*See* remarks under item 67. £P.150 previously included under "Other Charges" item 91, Medical Services. £P.250 approved by Special Warrant No. 167 of 3.9.36.
70	—	—	Compensatory Allowances	10	—	—	10	70—Change of holders.
71	—	—	Remuneration of Part Time Teachers	96	96	—	—	
72	—	—	Cost of Living Allowances	1,125	689	—	436	72—Payable under regulations.
73	—	—	Officers' Outfit Allowances	160	140	—	20	73—Payable under regulations.
74	—	—	Furniture Allowances	470	482	12	—	74—Payable under regulations.
			Total : Personal Emoluments	115,121	116,049	7,519	6,591	*Net Increase*—£P.928.

XXI.—TRANS-JORDAN FRONTIER FORCE.

Item No.	Details of Expenditure.	Estimates 1936-37.	Estimates 1937-38.	Increase.	Decrease.	Remarks.
	B.—OTHER CHARGES	£P.	£P.	£P.	£P.	
75	Pensions Contributions, Pensions and Gratuities	4,500	5,500	1,000	—	75—Payable under regulations.
76	Transport and Travelling	3,000	2,980	—	20	76—See item 117.
77	Railway Fares and Freight	5,300	5,300	—	—	
78	Passages	600	1,300	700	—	78—Payable under regulations.
79	Maintenance of Mechanical Transport	8,500	8,500	—	—	
80	Arms, Equipment, Uniforms and Clothing	7,000	8,000	1,000	—	80—The increase is mainly due to the mobilization of the Reserve. Normally clothing and equipment is used for 15 days only each year, but having been in the field for the present disturbances the Reservists, numbering 180, will require reclothing and equipping, and present issues of winter clothing require replacement. There has also been a general rise of approximately 10 per cent. in Crown Agents' prices.
81	Ammunition	2,000	2,000	—	—	
82	Harness and Saddlery	800	800	—	—	
83	Horse Shoes and Stable Requisites	1,150	1,150	—	—	
84	Forage	9,000	10,040	1,040	—	84—Based on present contract prices.
85	Camp Equipment	600	600	—	—	
86	Fuel and Light	1,800	1,800	—	—	
87	Furniture and Barrack Stores	750	750	—	—	
88	Stationery and Printing	475	450	—	25	88—Based on current expenditure.
89	Miscellaneous Stores	700	700	—	—	
90	Maintenance of Signalling and W./T. Apparatus	800	800	—	—	
91	Medical Services	1,000	845	—	155	91—£P.150 transferred to Personal Emoluments item 69. See also item 117.
92	Veterinary Services	150	150	—	—	
93	Rent of Camps, Quarters and Training Areas	111	111	—	—	
94	Current Repairs and Maintenance of Camps and Buildings	2,200	2,200	—	—	
95	Water Supply and Conservancy	500	600	100	—	95—To meet increased cost of water at Rosh Pinna.
96	Crown Agents' Expenses	350	350	—	—	
97	Typewriters and Duplicators	50	60	10	—	97—Required to pay for repairs and upkeep of typewriters.
98	Telegrams, Telephones and Postage	850	920	70	—	98—Standing charge for trunk calls increased by £P.70.
99	Purchase of Remounts	1,500	2,520	1,020	—	99—Estimated castings and casualties during 1937-38 = 50. Estimated under strength 1.4.37 = 45. Average price £P. 35 each.
100	Rations	500	500	—	—	
101	Replacement of Mechanical Vehicles	5,500	10,875	5,375	—	101—Indents 1936-37 not completed £P.4,375. Replacement programme.
						1937-38 £P.
						2 Hillman Tourers .. 790
						2 W.T. Tenders .. 1,265
						3 Troop Carriers .. 1,200
						1 Tender 540
						3 Armed Cars 1,328
						Insurance, Freight, etc. 1,377
						£P.6,500
102	Contingencies	60	60	—	—	
103	Grant to Children's School and Clinic	—	60	60	—	
	TOTAL : Other Charges	59,746	69,921	10,375	200	
	SPECIAL EXPENDITURE					
104	Workshops Tools and Plant	275	150	—	125	
105	S.M.L.E. Rifles	700	700	—	—	105—To replace 100 worn-out rifles.
106	Fire Extinguishers	—	100	100	—	106—Chlorine extinguishers for use in workshops and garages.
107	Office Furniture	50	—	—	50	
108	Weighing Machine	30	—	—	30	
109	Furniture for British Officers' Quarters	900	—	—	900	109—Not required.
110	Printing of Training Books and Manuals	100	50	—	50	110—Arabic Manuals (*a*) Notes on Tactical Training and (*b*) Mark IV.B Vickers Gun Drill.
	Carried forward					

XXI.—TRANS-JORDAN FRONTIER FORCE.

Item No.	Details of Expenditure.	Estimates 1936–37.	Estimates 1937–38.	Increase.	Decrease.	Remarks.
		£P.	£P.	£P.	£P.	
	Brought forward					
	Special Expenditure—*continued*.					
111	Vickers Guns and Mountings	900	900	—	—	111—Purchase of two Mark IV.B Vickers guns, required under approved reorganisation of Mechanical Units.
112	Bren Machine Guns	3,520	—	—	3,520	112—Guns not available until 1936.
113	Reconditioning Tentage	200	—	—	200	113—Not required.
114	Survey Instruments	100	—	—	100	
115	Hospital Equipment and Instruments	150	80	—	70	
116	Animals for Horse Breeding	570	120	—	450	116—£P.120 provided to purchase yearlings not expended 1936–37.
117	Frigidaire	—	75	75	—	117—For hospital. See items 76 and 117.
118	Wireless Equipment	—	200	200	—	
119	Cost of passages for members of T.J.F.F. attending H.M.'s Coronation ..	—	166	166	—	119—Expenses of Contingent attending H.M.'s Coronation.
		7,495	2,541	541	5,495	*Decrease*—£P.4,954.
	Personal Emoluments	115,121	116,049	928	—	
	Total Other Charges	59,746	69,921	10,175	—	
	Special Expenditure	7,495	2,541	—	4,954	
	TOTAL : Trans-Jordan Frontier Force	182,362	188,511	11,103	4,954	*Increase* £P.6,149.

XXIX.—TRANS-JORDAN FRONTIER FORCE—EXTRAORDINARY—ESTIMATES, 1937–38.

Item No.	Details of Expenditure.	Original Estimate.	Revised Estimate.	Estimated Total Expenditure to 31.3.37.	Estimates 1937–38.	Remarks.
	IN PALESTINE	£P.	£P.	£P.	£P.	
1	Men's Married Quarters, Rosh Pinna	2,500	—	—	1,250	Revote from 1936–37. Six quarters to be constructed in 1937–38.
2	Reconstruction of Beisan Camp	3,785	2,480	825	2,960	Revote from 1936–37.
3	Additions to Rish Pinna Camp	125	—	—	125	
4	Reconstruction of Jisr Majamie Camp	330	2,355	—	2,355	£P.330 Revote from 1936–37.
5	Reconstruction of Drainage Systems	1,400	1,970	1,050	920	
6	Roads in Jordan Area Camps, Samakh	750	—	—	500	
7	Kraal for Horse Breeding, Samakh	400	—	—	400	Revote from 1936–37.
8	Water Supply, Samakh	475	—	—	475	
					8,985	
	IN TRANS-JORDAN					
9	Reconstruction of Zerka Camp	15,925	16,930	14,886	2,044	Revote from 1936–37, £P.1,661.
10	Reconstruction of Ma'an Camp	370	—	—	370	Revote from 1936–37, £P.1,661.
11	Roads in Trans-Jordan Camps	500	—	—	500	
12	Workshops and Technical Stores, Zerka	3,300	—	700	2,600	Revote from 1936–37.
13	Additions to Zerka Camp	200	—	—	200	
14	Drainage	400	—	—	400	
15	Extension of Zerka Range	225	—	—	225	
16	Appropriation of Lands for Camp Sites	400	—	—	400	
					£P. 6,739	All items of Works Extraordinary are explained in the attached memorandum and schedule.
				TOTAL	£P.15,724	

77104/36 [No. 8]. No. 14. PROOF.

Working Copy

COLONIAL OFFICE

to

TREASURY

[*Answered by ~~No. 77104/36~~ [No. 12].*] 15

SIR, Downing Street, S.W.1, 28th January, 1937.

With reference to the letter from this Department of the 21st October, 1936*, regarding the Estimates of the Trans-Jordan Frontier Force for the year 1937–38, I am directed by Mr. Secretary Ormsby Gore to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a despatch† which has now been received from the High Commissioner for Trans-Jordan forwarding the detailed Estimates for the coming financial year.

2. Mr. Ormsby Gore has the following comments to make upon the draft Estimates.

Head XXI.

Item 9. Duty Allowances.

This allowance is payable to the three Company Officers mentioned under Item 7, who are serving under the old conditions of service.

Item 19. Warrant Officer.

It will be seen that the High Commissioner has under consideration a proposal that the post of Chief Clerk, which is filled by a British Warrant Officer, should be re-graded to the scale of £340–10–480 per annum. A further despatch will be received on this matter in due course, and it is suggested that sanction should be given for the inclusion of this item in the Estimates, on the understanding that the proposal will not be put into force until the Secretary of State and the Lords Commissioners of the Treasury, have given their approval.

Items 33 and 34. Regimental Records Officer.

Attention is invited to Treasury letter (No. S.28979/01/5) of the 6th November, 1936‡, approving the re-grading of this post. It would seem, however, from the last paragraph of the High Commissioner's confidential despatch of the 12th September, 1936§, a copy of which was enclosed in Colonial Office letter of the 29th October, 1936||, that provision should have been made for £260 instead of £252. It is proposed to draw the High Commissioner's attention to this point.

Items 36 and 37. Company Quartermaster Sergeants (local ranks).

A copy of a despatch¶ from the High Commissioner recommending that the rate of pay of these non-commissioned officers should be increased from £150 per annum to £168 per annum, with effect from the 1st April, 1937, is enclosed. The holders of these posts are non-Europeans. The Secretary of State considers that a satisfactory case has been made for the proposed increase, and he trusts that their Lordships will approve the provision which has been made under Item 37.

Items 41, 43, and 47.

Proposals have been submitted to the High Commissioner for an increase in the signals establishment of the Force. These proposals are now being examined by the High Commissioner, whose recommendations will be received in due course. It is suggested that the provision under these items should be allowed to stand in the Estimates, on the understanding that no steps will be taken to fill the proposed new appointments until the proposals have been approved by the Secretary of State and the Lords Commissioners of the Treasury.

Items 53 and 54. Mechanics. Apprentices.

It will be seen that the High Commissioner proposes to abolish one post of Mechanic, and to recruit six Apprentices. No increased expenditure is involved, and Mr. Ormsby Gore supports these proposals.

Items 67 and 69. Sanitary Sub-Inspector. Anti-Malarial Labour.

Reference is invited to Treasury letter (No. S.35961/06/36) of the 25th May, 1936**. The Secretary of State considers that the anti-malarial control at Jisr Majami should be continued, and he trusts that their Lordships will approve the provision which has been made under items 67 and 69.

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* No. ~~77104/36 [No. 4]~~. 17 † No. ~~77104/36 [No. 7]~~. 13 ‡ No. 77144/36 [No. 3]. not printed
§ No. 77144/36 [No. 1]. not printed || No. 77144/36 [No. 2]. not printed ¶ No. 77078/36 [No. 1]. not printed
** No. 77030/36 [No. 22]. not printed

Item 74. Furniture Allowances.

This item should be read in conjunction with item 109.

The Secretary of State is in agreement with the proposal that British officers should continue to furnish their own quarters, and receive a furniture allowance, rather than that Government should provide the furniture. If this proposal is approved, steps will be taken to amend paragraph 15 of the new conditions of service of British officers in the Force.

Item 78. Passages.

Under the new conditions of service for British officers free passages are payable on leave and on the termination of their appointments.

Item 103. Grant to Children's School and Clinic.

The Secretary of State concurs in the view of the High Commissioner that a contribution by Government to these institutions is justified.

Item 111. Vickers Guns and Mountings.

Attention is invited to the comments on item 112 in Treasury letter (S.35961/06/36) of the 6th May, 1936*.

Item 112. Bren Machine Guns.

These guns will not be available before 1938, and not 1936 as stated in the remarks column of this item.

3. The Secretary of State has no further observations to make. All the other items in the Estimates which call for comment are explained by the High Commissioner, and Mr. Ormsby Gore is in agreement with the proposals which are made.

4. It will be seen that the expenditure provided for in the Estimates is as follows:—

	£P.
Recurrent expenditure	188,511
Capital works in Palestine	8,985
Capital works in Trans-Jordan	6,739

The share of this expenditure which is chargeable to His Majesty's Government is therefore:—

	£P.
Three-fourths of the estimated recurrent expenditure	141,384
The whole estimated expenditure on capital works in Trans-Jordan	6,739
	£P.148,123

5. Mr. Ormsby Gore accordingly requests that, subject to the comments made under items 19, 41, 43, and 47 of Head XXI, their Lordships will be good enough to approve the Estimates. In that event the provision of £153,100 made under Subhead H.3 of the draft Colonial and Middle Eastern Services Estimates 1937/38 will require to be amended to £148,000. The sum of £850 provisionally included in the Appropriation-in-Aid Subhead of the draft of the above Estimates in respect of rents for " other ranks " married quarters, is now confirmed by paragraph 8 of the High Commissioner's despatch.

I am, &c.,

O. G. R. WILLIAMS.

* No. 77030/36 [No. 25].

77104/36 [No. 12]. No. 15 Working Copy PROOF.

TREASURY

to

COLONIAL OFFICE. 18

[*Answered by ~~No. 77104/36~~ [No. ~~12~~].*]

SIR, Treasury Chambers, 10th February, 1937.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Williams' letter of the 28th ultimo* with the accompanying copy of a despatch† from the High Commissioner for Trans-Jordan forwarding the detailed Estimates for the Trans-Jordan Frontier Force for the year 1937–38, and I am now to request you to convey to the Secretary of State the following reply.

2. My Lords note that the expenditure provided for in the Estimates is as follows:—

	£P.
Recurrent Expenditure	188,511
Capital works in Palestine	8,985
Capital works in Trans-Jordan	6,739

3. My Lords consider that some reduction in the provision under Item 101 of the Estimates—Replacement of Mechanical Vehicles—should be possible, and They understand that Mr. Secretary Ormsby Gore is willing that the provision under this Head should be reduced by £1,000.

4. Subject to this reduction and to the reservations suggested in the letter under reply regarding Items 19, 41, 43 and 47 of Head XXI, My Lords approve the Estimates at the following totals:—

	£P.
Recurrent Expenditure	187,511
Capital works in Palestine	8,985
Capital works in Trans-Jordan	6,739

5. The share of this expenditure which is chargeable to His Majesty's Government is:—

	£P.
Three-quarters of the estimated Recurrent Expenditure ...	140,633
The whole estimated Expenditure on Capital Works in Trans-Jordan	6,739
	£P.147,372
Say	£147,000

6. My Lords are accordingly causing provision of £147,000 to be made in the Colonial and Middle Eastern Services Estimate for 1937 as a Grant-in-Aid for the Trans-Jordan Frontier Force, together with Appropriations-in-Aid of £850 in respect of rents for " other ranks " married quarters.

I am, &c.,

R. V. NIND HOPKINS.

* No. ~~77104/36 [No. 8]~~. 14 † No. ~~77104/36 [No. 7]~~. 13

Working Copy.

77104/36 [No. 13]. No. 16 PROOF.

TRANS-JORDAN.

THE HIGH COMMISSIONER

to

THE SECRETARY OF STATE.

(Received 14th February, 1937.)

[*Answered by No.* ~~77104/36 [No. 20].~~ 20

(Confidential.)

SIR, Jerusalem, 4th February, 1937.

I have the honour to refer to my confidential despatch of the 6th January, 1937*, regarding the draft Estimates of the Trans-Jordan Frontier Force for the financial year 1937–38, in paragraph 3 (iv) of which I referred to a proposal that the signals establishment of the Force should be increased.

2. I enclose a copy of a letter of the 13th September, 1936, in which the Officer Commanding sets out the need for additional personnel, and his proposals for meeting that need. After further consideration of the position in consultation with the General Officer Commanding I am satisfied that the increases proposed by the Officer Commanding, Trans-Jordan Frontier Force, are necessary. I have also carefully examined the possibility of effecting economies in other directions to offset those increases: I have reached the conclusion that this is impossible.

3. I therefore recommend that the relevant provisions which were included in the draft Estimates under Items 41, 43 and 47, should be approved.

I have, &c.,

ARTHUR WAUCHOPE,

High Commissioner for Trans-Jordan.

Enclosure in No.

Headquarters, Trans-Jordan Frontier Force, Zerka,
13th September, 1936.

Headquarters,
British Forces in Palestine and
Trans-Jordan, Jerusalem.

Subject—Establishment, Signals Group. T.J.F.F.

I desire to bring to your notice certain difficulties under which the Signal personnel establishment of the Force are labouring. The difficulties are not new but are constant, and a source of embarrassment to the Signals Officer owing to insufficient numbers available to compete with the ever increasing traffic and for the provision of reliefs.

2. The attached lists show—

(A) Number of stations operating and the number of technical personnel available.

(B) A proposed increase together with a table giving the distribution.

3. I hesitate to recommend any increase in personnel, but after carefully considering the matter have come to the conclusion that a case does exist for favourable consideration for such an increase, and I strongly recommend the following additions:—

(*a*) 4 Corporals W/T.

(*b*) 1 Corporal V/T Instructor.

(*c*) 1 Trooper—Telephone Exchange Operator.

(*d*) 3 Troopers—W/T recruits.

(*e*) 1 Trooper—Storeman Clerk.

4. Taking the above increase in personnel seriatim, I give herewith reasons for such proposals—

(*a*) I consider it essential that a substantive N.C.O. should be in charge of the 4 W/T stations at Zerka, Ma'an, and in the Jordan Valley. At present this is not the case and the responsibility devolves on private soldiers, which

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* No. ~~77104/36 [No. 7]~~. 13

it is submitted is undesirable. The work is highly responsible and calls for technical knowledge of a special character.

In addition, all R.A.F. traffic is transmitted and received through the Ma'an station, and there are two W/T tenders also to maintain and serve.

(*b*) I consider it an unsatisfactory arrangement for an acting Corporal to be withdrawn from the mechanised company at Zerka and attached to Headquarters for the purposes of Headquarter's Instructor in Visual Work.

The duties of this N.C.O. are continuous throughout the year and comprise the following:—

(i) Training new signallers.

(ii) Conducting annual refresher courses.

(iii) Periodical visits to out-stations during non-training periods to inspect and repair equipment.

The withdrawal of an N.C.O. from a unit for this work deprives that unit of an important key-man. It is unsound and uneconomical from the unit commander's and the Signals Officer's point of view.

It requires 4 signallers to serve 2 stations, i.e., one per half-Company. 4 is the establishment for a Company and it is obvious if one signaller is withdrawn as an instructor on Headquarters it deprives the Company of one station.

The existing practice is merely a make-shift.

(*c*) One telephone exchange operator has been found to be insufficient to cope with the 30 telephones existing in Zerka. Delays and mistakes have been frequent and the service far from satisfactory. To remedy this state of affairs W/T personnel have been detailed to fill the gap. It will be appreciated one man cannot be expected to be on duty continuously. The placing of W/T operators on this work puts a serious strain on the remaining operators, particularly where continuous watches are kept, and with the few W/T operators provided in the establishment these men are much overworked and there is no relief available in case of sickness or when mobile W/T sets are in the field.

It is moreover merely " robbing Peter to pay Paul."

(*d*) Three recruits permanently on the strength of Headquarters Signals are recommended, so that an adequate reserve can be built up within the Force. Only one trained operator has been obtained in the history of the Force, and twelve months at least are required to train the uninitiated.

These 3 recruits would be available to fill vacancies due to casualties, and would replace personnel taking their discharge from the Force on completion of their periods of service.

(*e*) A storeman-clerk is recommended in place of a further W/T operator at present doing this work (a further drain on the W/T staff).

The storeman-clerk's duties are—the maintenance of ledgers and equipment for 10 W/T stations and tenders, clothing and equipment, training school equipment, maintenance of stores, and the upkeep of inventories.

I consider that this work calls for a full time appointment.

5. The financial commitment involved for the proposed increase is as follows:—

		£P.
4 Corporals	$4 \times 8 + 4 \times 4 =$ £P.48 per mensem. Total per annum ..	576
1 Cpl. V/T	$1 \times 8 + 1\frac{1}{4} =$ £P.9.250 Mils per mensem. Total per annum ..	111
1 Tpr. Exch. Operator	$1 \times 6 + 1\frac{1}{4} =$ £P.7.250 Mils per mensem. Total per annum ..	87
3 Recruits	$3 \times 6 =$ £P.18 per mensem. Total per annum ..	216
1 Storeman Clerk ..	$1 \times 6 + 1\frac{1}{4} =$ £P.7.250 Mils per mensem. Total per annum ..	87
		£P.1,077
Less decrease of 1 W/T Operator, £P.72 + £P.48 Trade Pay per annum ..		£P. 120
NET increase per annum		£P. 957

6. I would be extremely grateful for favourable consideration of my proposals, as I feel the efficiency of the Force communications is impaired under the existing establishment which has been shown to be so inadequate that makeshift arrangements have to be resorted to, and a consequent definite lessening of efficiency resulting.

J. I. CHRYSTALL,
Lt.-Colonel Commanding,
Trans-Jordan Frontier Force.

LIST "A."

PRESENT ESTABLISHMENT—SIGNALS GROUP.

Station.	*Sergt.*	*Cpl. W/T Instructor.*	*Cpl. i/c W/T Stations.*	*Cpl. V/T Instructor.*	*Wireless Mechanic.*	*W/T Operators.*	*Tel. Exch. Operator.*	*W/T Recruits.*	*Storeman Clerk.*
Zerka	1	1	—	—	1	3	1	—	—
Ma'an ..	—	—	—	—	—	5	—	—	—
W/T Tender	—	—	—	—	—	2	—	—	—
Jisr.	—	—	—	—	—	4	—	—	—
Beisan	—	—	—	—	—	2	—	—	—
Roshpina	—	—	—	—	—	4	—	—	—
C.Os'. Tender ..	—	—	—	—	—	1	—	—	—
W/T Tender, Zerka	—	—	—	—	—	2	—	—	—
	1	1	—	—	1	23	1	—	—

LIST "B."

PROPOSED ESTABLISHMENT—SIGNALS GROUP.

Station.	*Sergt.*	*Cpl. W/T Instructor.*	*Cpl. i/c W/T Stations.*	*Cpl. V/T Instructor.*	*Wireless Mechanic.*	*W/T Operators.*	*Tel. Exch. Operator.*	*W/T Recruits.*	*Storeman Clerk.*
Zerka	1	1	2	1	1	2	2	3	1
Ma'an ..	—	—	1	—	—	4	—	—	—
W/T Tender	—	—	—	—	—	2	—	—	—
Jisr.	—	—	1	—	—	4	—	—	—
Beisan	—	—	—	—	—	2	—	—	—
Roshpina	—	—	—	—	—	4	—	—	—
C.Os. Tender ..	—	—	—	—	—	2	—	—	—
W/T Tender, Zerka	—	—	—	—	—	2	—	—	—
	1	1	4	1	1	22	2	3	1

77104/36 [No. 14]. No. 17 PROOF.

Working Copy. LPTW.

TRANS-JORDAN.

THE SECRETARY OF STATE

to

THE HIGH COMMISSIONER.

[*Answered by No.* ———.]

(Confidential.)

SIR, Downing Street, 6th April, 1937.

I have the honour to refer to your confidential despatch of the 6th of January* forwarding the detailed draft Estimates of the Trans-Jordan Frontier Force for the financial year 1937/38, and to inform you that, subject to the reservations and amendments which are set out in the following paragraphs, I approve the Estimates.

2. *Head XXI.*

Item 19: Warrant Officer.

I note that you are examining a proposal that the post of Chief Clerk, which is filled by a British Warrant Officer, should be regraded to the scale £P.340–10–480 per annum, and that you propose to address me further on the subject. Sanction of the provision made under Item 19 is, therefore, given on the understanding that the proposal will not be put into force until it has been submitted to me for consideration.

Items 33 and 34: Regimental Records Officer.

The provision of £P.252 under this Item is approved, but it would seem from the last paragraph of your confidential despatch of the 12th of September, 1936†, that provision should have been made for £P.260.

Items 36–37: Company Quartermaster Sergeants (Local Ranks).

I approve the recommendation in your despatch No. 154 of the 25th of November, 1936‡, that the pay of these Non-Commissioned Officers should be increased from £P.150 per annum to £P.168, as from the 1st April, 1937. The provision which has been made under Item 37 for this increase is, therefore, sanctioned.

Items 41, 43 and 47:

I have now received your despatch, confidential, of the 4th of February§, and am in communication with the Lords Commissioners of the Treasury. Approval of the provision made under these items is given on the understanding that no steps will be taken to fill the proposed new appointments until you have received a further communication from me.

Items 53 and 54: Mechanics: Apprentices.

I approve of the abolition of one new post of mechanic, and the creation of six new posts of apprentice.

Item 74: Furniture Allowances.

I approve your proposal that British Officers should continue to furnish their own quarters and receive a furniture allowance, rather than that Government should provide the furniture. I shall be obliged if you will furnish me as soon as possible with a draft of a new paragraph to replace paragraph 15 of the conditions of service of British Officers in the Trans-Jordan Frontier Force.

Item 112: Bren Guns.

These guns will not be available before 1938, and not 1936, as stated in the remarks column of this Item.

Item 101: Replacement of Mechanical Vehicles.

I think that some reduction in the provision under this item can safely be made; the provision has, therefore, been reduced by £P.1,000.

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* No. ~~77104/36 [No. 7].~~ 13 † No. 77144/36 [No. 1]. not printed

‡ No. 77078/36 [No. 1]. not printed § No. ~~77104/36 [No. 13].~~ 16

3. In view of the reduction of the provision under Head 101, the Estimates as approved stand as follows:—

	£P.
Recurrent Expenditure	187,511
Capital works in Palestine	8,985
Capital works in Trans-Jordan	6,739

The share of this expenditure which is chargeable to His Majesty's Government is, therefore:—

Three-quarters of the estimated Recurrent Expenditure ...	140,633
The whole estimated Expenditure on Capital Works in Trans-Jordan	6,739
	£P.147,372
Say	£147,000

4. Provision has accordingly been made in the Vote for Colonial and Middle-Eastern Services for 1937 for the sum of £P.147,000 as the grant-in-aid of the Trans-Jordan Frontier Force.

5. Provision has also been made under the Appropriations-in-Aid sub-head of the Vote for the sum of £850 in respect of rents for "other ranks" married quarters.

I have, &c.,

W. ORMSBY GORE.

Working Copy. [illegible] 2

77104/36 [No. 15]. No. 18 PROOF.

COLONIAL OFFICE

to

TREASURY.

[*Answered by No.* ~~77104/36 [No. 19].~~ 19

SIR, Downing Street, S.W.1, 17th April, 1937.

With reference to your letter No. S.35961/06/37 of the 10th February*, I am directed by Mr. Secretary Ormsby Gore to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a despatch† from the High Commissioner for Trans-Jordan submitting proposals for an increase in the signals establishment of the Trans-Jordan Frontier Force. It will be seen that the High Commissioner recommends that the relevant provisions, which were included in the draft Estimates of the Trans-Jordan Frontier Force for the financial year 1937/38 under Items 41, 43 and 47 should be approved.

2. The Secretary of State, while recognizing that this is a considerable increase in personnel, feels strongly that the Force must at the present be maintained at the highest state of efficiency possible, and he, therefore, supports the High Commissioner's proposals.

3. I am to invite their Lordships' approval of the items in question.

I am, &c.,

H. F. DOWNIE.

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* No. ~~77104/36 [No. 12]~~. 15 † No. ~~77104/36 [No. 13]~~. 16

Working Copy. EP.7.W.

77104/36 [No. 19]. No. 19 PROOF.

TREASURY

to

COLONIAL OFFICE.

SIR, Treasury Chambers, 28th April, 1937.

I have laid before the Lords Commissioners of His Majesty's Treasury Mr. Downie's letter of the 17th instant*, forwarding a copy of a despatch from the High Commissioner for Trans-Jordan submitting proposals for an increase in the signals establishment of the Trans-Jordan Frontier Force, and recommending that the relevant provisions, which were included in the draft Estimates of the Trans-Jordan Frontier Force for the financial year 1937/38 under Items 41, 43 and 47 should be approved.

In reply I am to request you to inform Mr. Secretary Ormsby Gore that, in the circumstances represented, My Lords sanction the Items in question.

I am, &c.,

R. V. NIND HOPKINS.

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* No. ~~77104/36 [No. 15].~~ 18

Palestine (Trans-Jordan) Estimates—(C.26314/98). 12.

Working Copy. [illegible]

77104/36 [No. 20]. No. 20 PROOF.

TRANS-JORDAN.

THE SECRETARY OF STATE

to

THE HIGH COMMISSIONER.

(Confidential.)

SIR, Downing Street, 13th May, 1937.

With reference to your confidential "A" despatch of the 4th February* submitting proposals for an increase in the signals establishment of the Trans-Jordan Frontier Force, I have the honour to inform you that, with the concurrence of the Lords Commissioners of the Treasury, I approve the provision made under Items 41, 43, and 47 of the Trans-Jordan Frontier Force Estimates for 1937-38.

I have, &c.,

W. ORMSBY GORE.

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* No. ~~77104/36 [No. 13]~~. 16.

Palestine (Trans-Jordan) Estimates—(C.26314/99). 12.

Working Copy

77104/36 [No. 31]. No. 21 PROOF.

TRANS-JORDAN.

THE ACTING HIGH COMMISSIONER

to

THE SECRETARY OF STATE.

(Received 27th September, 1937.)

[~~Answered by No.~~ .]

(Confidential.)

SIR, Jerusalem, 13th September, 1937.

I have the honour to refer to your confidential despatch of the 6th April, 1937*, on the subject of the Estimates of the Trans-Jordan Frontier Force for the current financial year, and to reply as follows concerning the various items not specifically approved in that despatch, or in regard to which you made certain observations.

2. *Head XXI.*

Item 19: Warrant Officer.

I invite reference to the High Commissioner's confidential despatch of the 21st August, 1937†, in which it was stated that the High Commissioner was unable to recommend the regrading of the post of Chief Clerk to the Trans-Jordan Frontier Force.

The Air Officer Commanding has been informed that in view of the High Commissioner's decision the regrading of that post should not take effect.

Items 33–34: Regimental Records Officer.

I confirm that the provision for this post should be £P.260 and not £P.252 as shown in the draft Estimates. The difference of £P.8 will be provided by the issue of a Special Warrant covered by corresponding savings under the same Head of expenditure.

Items 41, 43 and 47.

The final approval of these items was conveyed in your confidential despatch of the 13th May, 1937‡.

Item 74: Furniture Allowance.

The Air Officer Commanding has asked that the redrafting of paragraph 15 of the conditions of service of British officers in the Trans-Jordan Frontier Force should be deferred pending consideration of new proposals for the grant of allowances and issue of furniture to British Officers, British Warrant Officers' Messes, which are being prepared by the Officer Commanding, Trans-Jordan Frontier Force.

I shall address you further on this subject after I have received and considered these new proposals.

I have, &c.,

W. D. BATTERSHILL,

Acting High Commissioner for Trans-Jordan.

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* No. ~~77104/36 [No. 14]~~. 17 † No. 77104/36 [No. 28]: not printed. ‡ No. ~~77104/36 [No. 20]~~. 20

Working Copy

PALESTINE.

THE OFFICER ADMINISTERING THE GOVERNMENT

to

THE SECRETARY OF STATE.

(Received 7th March, 1938.)

[~~*Answered by No.* .~~].

(Secret.)

SIR, Jerusalem, 2nd March, 1938.

I have the honour to transmit herewith twelve copies of the draft Estimates of Revenue and Expenditure of the Palestine Government for the financial year 1938–39* together with twelve copies of the Treasurer's Memorandum on the Revenue Estimates* and of the Memorandum on the Expenditure Estimates*.

2. The draft Estimates for 1938–39 show a total estimated revenue of £P.4,633,524, and a total estimated expenditure of £P.6,147,143, or an estimated deficit of £P.1,513,619.

3. The estimated revenue for 1938–39, namely £P.4,633,524, is based on the revised estimated revenue for 1937–38, namely £P.4,908,828, with certain accountable exceptions. I think that the Treasurer is justified in his fears of a further slight deterioration in revenue receipts in 1938–39 as compared with those of 1937–38 for the reasons stated in his Memorandum. It seems prudent, therefore, to estimate for decreases in 1938–39 of £P.75,000 under Customs Import Duties, £P.40,000 under Urban and Rural Property Taxes, £P.50,000 under Land Registry Fees, £P.14,750 under Revenue from Government Property, and £P.30,000 under Profits from Currency. The decrease of £P.62,000 under Interest is due to the fact that interest receipts on investments of the surplus balance will be smaller owing to the necessity for realizing investments to meet the deficit in 1937–38 and the estimated deficit in 1938–39.

4. It is interesting to note, that the revenue declined from £P.5,770,457 in 1935–36 when revenue collections reached their peak, to £P.4,640,821 in 1936–37 during which there was a six months' Arab strike and civil disturbances on a large scale; and that despite the depressed economic and financial conditions generally which began in the Autumn of 1935 with the threat of war in the Mediterranean followed by riots and the strike of 1936 and sporadic disturbances since and the unsettled political conditions which are undoubtedly basically affecting the economic life of the country and consequently the public finances, the latest revised estimate for 1937–38 is £P.4,908,828 and the estimated revenue for 1938–39 is £P.4,633,524.

5. The provision for expenditure in the draft Estimates for 1938–39, namely £P.6,147,143, is £P.1,069,976 above the provision in the approved Estimates for 1937–38, of which £P.451,133 is for recurrent expenditure under ordinary heads, £P.481,128 is non-recurrent expenditure, and £P.137,715 is for an increased Railway deficit.

6. The draft Expenditure Estimates for 1938–39, however, include provision for considerable abnormal expenditure in respect of commitments directly and indirectly necessitated by the unsettled conditions of the country and to which Government is actually committed. Of the increase of £P.451,133 for recurrent expenditure under ordinary heads, £P.237,393 is for Defence and Police and Prisons, and of the balance of £P.213,740 only £P.71,774 is for new services or for the expansion of existing recurrent services. Of the total provision in 1938–39 of £P.1,445,950 for non-recurrent expenditure (which is £P.481,128 in excess of the provision in the approved Estimates for 1937–38), £P.1,056,741 is for unavoidable re-votes, expenditure already approved, and for the completion of works in progress and of non-recurrent services; and £P.143,673 is for Police and Prisons and the Trans-Jordan Frontier Force.

7. The demands of Departments for both new recurrent services and for non-recurrent services in 1938–39 have been carefully considered and provision has been made in the draft Estimates only for those services which I feel it is impossible to avoid having regard to the necessity for strengthening departmental services to meet the many demands that are being made upon them and the reasonable and modest development of services concerned with the welfare of the country and which are likely favourably to influence security conditions.

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* Not reprinted.

8. I am much concerned by the fact that at the 31st March, 1939, the estimated surplus balance will have been reduced to a figure of £P.904,138 which falls short of the sum in respect of which the surplus balance at that date must be earmarked by £P.1,154,000; and that there is now no reserve to meet any further shrinkage of revenue or for any unforeseen expenditure or for the execution of the many capital works which this Government is likely to have to undertake within the next two or three years and for which a revenue surplus in future years is unlikely to be available. I am also concerned by the fact that if the " basic " budget as set out in paragraph 42 of the Treasurer's Memorandum on the Revenue Estimates is to be balanced, it will be necessary to increase the " basic " revenue figure by £P.290,000 by increasing taxation, and that even then nothing will be available for the further expansion of recurrent expenditure in future years unless the " basic " revenue figure is further increased; and I am very doubtful of the practicability of this in the near future.

9. I am very grateful for the sympathetic consideration which has been given by His Majesty's Government to the representation in my Secret despatch " A " of the 29th January, 1938*, on the subject of this Government's contribution for Defence. If Parliamentary approval is forthcoming of the alternative proposal in your Secret telegram No. 67 of the 17th instant (February, 1938)† and Palestine is exempted from any contribution in respect of capital and recurrent expenditure on the Imperial Forces both in 1938–39 and in 1939–40, the figure of £P.6,147,143 of total expenditure in the draft Estimates for 1938–39 will be reduced by £P.600,500, the estimated deficit for the next year will be reduced by this amount to £P.913,119 and the estimated surplus balance at the 31st March, 1939, will be increased by the same amount to £P.1,504,638; and the extent to which the estimated surplus balances at the 31st March, 1939, is earmarked as shown in paragraph 47 of the Treasurer's Memorandum on the Revenue Estimates will be reduced by £P.909,500 to £P.1,348,508. This will greatly relieve the financial position of this Government in providing it with funds to meet its due liabilities and a surplus of £P.156,130 which with increase in taxation, having regard to the fact that certain items in respect of which the surplus balance is earmarked are not immediately required, will enable this Government to carry on until relief from Defence contribution in 1939–40 is forthcoming to restore the surplus balance to a figure which will be adequate to meet any reasonable contingency of a further shrinkage of revenue and to meet unavoidable demands which are likely to arise in 1939–40 for further capital works.

10. I have submitted to you separately proposals for increasing revenue receipts by approximately £P.200,000 in 1938–39 and £P.300,000 in a full year. As shown in paragraphs 42 and 43 of the Treasurer's Memorandum on the Revenue Estimates, if ultimately the " basic " budget is to be balanced, the " basic " revenue figure must be increased by approximately £P.290,000 a year; and while my proposals will only produce approximately £P.200,000 in 1938–39 by reason of the necessity before they can be put into force of negotiating with Syria the proposed amendment of the Palestine-Syria Customs Agreement, and of giving notice to the Government of Iraq and Egypt of my intention to vary the Customs Tariff on commodities in accordance with existing agreements with them, the proposals will ultimately enable the balancing of the " basic " budget and increase the estimated " free " surplus balance at the 31st March, 1939, to a figure of £P.356,130.

11. I, therefore, ask your approval for the provision in the draft Estimates for 1938–39 of:—

(*a*) Total expenditure of £P.6,147,143;

(*b*) Total loan expenditure of £P.558 as shown in Appendix " E "‡;

(*c*) Total Railway expenditure of £P.841,923 as shown in Appendix " C "‡;

(*d*) Total renewals expenditure of the Palestine Railways of £P.59,695 as shown in Abstract " G "‡ of Appendix " C ";

(*e*) Total expenditure from the Special Fund of the Kantara-Rafa Railway of £P.9,990 as shown in the enclosure to Appendix " C "‡.

12. I wish to express my appreciation of the work of Mr. V. N. Levi, Assistant Treasurer, and of Mr. F. Marroum, Clerk, Grade N, of the Treasury in the valuable services rendered in the preparation of the draft Estimates and the Memoranda accompanying them. The consideration of departmental demands in Estimates Committee and the preparation of the Estimates were considerably delayed owing to the uncertainty of the financial position and the difficulty of forecasting the financial position

* No. 75005/2/37 [No. 51] Not printed. † 75405/2/37 [No. 17] Not printed. ‡ Not printed.

in 1938–39; and the necessity for keeping the provision in the Expenditure Estimates within the straitened financial resources of Government has added considerably to the work.

13. I trust that despite the difficulties you will agree with the full and concise Memorandum of the Treasurer on the financial position and that you will find yourself able to grant your approval of the draft Estimates.

I have, &c.,

W. D. BATTERSHILL,

Officer Administering the Government.